OFFICIAL STATEMENT DATED NOVEMBER 29, 2017

RATING: "SP-1+"
<u>See "RATING" herein</u>

<u>NEW ISSUE (BOOK-ENTRY ONLY)</u>

In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel ("Bond Counsel") to the County of Hudson, State of New Jersey (the "County"), assuming continuing compliance by the County with certain covenants described herein, under current law, interest on the Notes (as defined herein) is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of computing the federal alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings". No opinion is expressed regarding other federal tax consequences arising with respect to the Notes. Further, in the opinion of Bond Counsel, under current law, interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" *herein.*

$162,167,967
COUNTY OF HUDSON
STATE OF NEW JERSEY
GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2017
(BOOK-ENTRY ONLY)
(NON-CALLABLE)

Dated: December 13, 2017
Maturity: December 12, 2018
Interest Rate: 3.000%
Price: 101.473% to Yield: 1.50%

The $162,167,967 aggregate principal amount of General Obligation Bond Anticipation Notes, Series 2017 (the "Notes"), are general obligations of the County of Hudson, State of New Jersey (the "County"), and are secured by a pledge of the full faith and credit of the County for payment of the principal thereof and interest thereon. The Notes are being issued: (i) to refund a portion of the County's $83,976,156 General Obligation Bond Anticipation Notes, issued December 15, 2016 and maturing December 14, 2017 (the "Prior Notes"), which Prior Notes were originally issued to finance various capital improvements, including the acquisition and installation of capital items in the County, (ii) to provide new money to finance various property acquisitions and capital improvements and the acquisition and installation of capital items in the County, and (iii) to pay costs of issuance in connection therewith. The remaining portion of the Prior Notes not refunded with the proceeds of the Notes will be retired from budgetary appropriations made by the County. The Notes are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the County without limitation as to rate or amount.

The Notes shall be issued in the form of one certificate in the aggregate principal amount of the Notes and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of $5,000 or any integral multiple of $1 in excess thereof. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. *See* "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes are <u>NOT</u> subject to redemption prior to maturity.

The Notes are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 <u>et</u> <u>seq.</u>, as amended and supplemented (the "Local Bond Law"), and by various bond ordinances duly adopted by the Board of Chosen Freeholders of the County on the dates set forth herein. See "AUTHORIZATION FOR THE ISSUANCE OF THE NOTES – Purpose of the Notes" herein.

The Notes are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the County.

This cover contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making an informed investment decision.

The Notes are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, and certain other conditions described herein. NW Financial Group, LLC has served as municipal advisor in connection with the Notes. It is expected that the Notes will be available for delivery through DTC on or about December 13, 2017.

COUNTY OF HUDSON
STATE OF NEW JERSEY

COUNTY EXECUTIVE
Thomas A. DeGise

COUNTY ADMINISTRATOR
Abraham A. Antun

COUNTY COUNSEL
Donato J. Battista, Esq.

DIRECTOR OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION/ CHIEF FINANCIAL OFFICER/COUNTY TREASURER
Cheryl G. Fuller, CPA

BOARD OF CHOSEN FREEHOLDERS
Anthony P. Vainieri, **Chairperson**
William O'Dea, Vice-Chairperson
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Tilo E. Rivas
Gerard M. Balmir Jr.
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Kenneth Kopacz
Anthony L. Romano

CLERK OF THE BOARD OF CHOSEN FREEHOLDERS
Alberto G. Santos

COUNSEL TO THE BOARD OF CHOSEN FREEHOLDERS
Edward J. Florio, Esq.

COUNTY CLERK
Barbara A. Netchert

BOND COUNSEL
DeCotiis, FitzPatrick, Cole & Giblin, LLP
Teaneck, New Jersey

INDEPENDENT AUDITOR
Donohue, Gironda, Doria & Tomkins, LLC
Bayonne, New Jersey

MUNICIPAL ADVISOR
NW Financial Group, LLC
Hoboken, New Jersey

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the County.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The presentation of information in this Official Statement is intended to show recent historic information and except as expressly stated otherwise, it is not intended to indicate future or continuing trends in the financial conditions or other affairs of the County. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete, and reference is made to such laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or an agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The County has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

OF THE

COUNTY OF HUDSON
STATE OF NEW JERSEY

RELATING TO

$162,167,967 OF THE GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2017
COUNTY OF HUDSON
STATE OF NEW JERSEY
(BOOK-ENTRY ONLY)
(NON-CALLABLE)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the County of Hudson (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of the County's $162,167,967 aggregate principal amount of General Obligation Bond Anticipation Notes, Series 2017 (the "Notes"). This Official Statement, including the Preliminary Official Statement which is deemed final by the County as of its date pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") (collectively, the "Official Statement"), which includes the cover page and the appendices attached hereto, has been prepared on behalf of the County by Bond Counsel (as defined herein) and the Director of the Department of Finance and Administration/County Treasurer and has been authorized by the County to be distributed in connection with the sale and issuance of the Notes.

This Official Statement contains specific information relating to the Notes, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to these issues. This Official Statement should be read in its entirety.

All financial, demographic, statistical and other information presented herein has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the County.

DESCRIPTION OF THE NOTES

The Notes are being issued: (i) to refund a portion of the County's $83,976,156 General Obligation Bond Anticipation Notes, issued December 15, 2016 and maturing December 14, 2017 (the "Prior Notes") Prior Notes, which Prior Notes were originally issued to finance various capital improvements, including the acquisition and installation of capital items in the County, and (ii) to provide new money to finance various property acquisitions and capital improvements and the acquisition and installation of capital items in the County. The remainder of the Prior Notes not refunded by the Notes will be retired from budgetary appropriations made by the County. The Notes are dated December 13, 2017 and shall mature on December 12, 2018. The Notes shall bear interest at the rate shown on the front cover page hereof from December 13, 2017 payable on December 12, 2018. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, delivered or transmitted to the registered owners of the Notes, at the address shown on the registration books for the Notes kept for that purpose by the Director of the Department of Finance and Administration/County Treasurer, as Registrar and Paying Agent (the "Paying Agent").

The Notes, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes (the "Securities Depository"). Individual purchases of the beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of $5,000 or any integral multiple of $1 in excess thereof. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates of like series, maturity and tenor in authorized denominations. The Notes are <u>not</u> subject to redemption prior to maturity.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal of and interest on the Notes will be made directly by the County as Paying Agent, or some other paying agent as may be designated by the County, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Notes is the responsibility of the DTC Participants (as hereinafter defined). *See* "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION - Book-Entry Only System" herein.

MARKET PROTECTION

The County has in the past guaranteed the payment of principal of and interest on certain debt issued by various municipalities and entities of the County. The County will not guaranty additional bonds or notes of any municipality or entity of the County within the next 90 days. The County will issue principal amount of $17,025,000 County College Refunding Bonds, Series 2017 on November 30, 2017, and does not anticipate issuing general obligation bonds or bond anticipation notes within the next 90 days thereafter.

AUTHORIZATION FOR THE ISSUANCE OF THE NOTES

The Notes have been authorized and are issued pursuant to: (i) the Local Bond Law, N.J.S.A. 40A:2-1 <u>et</u> <u>seq</u>. as amended and supplemented (the "Local Bond Law") and (ii) various bond ordinances duly adopted by the Board of Chosen Freeholders of the County on the dates set forth herein. Each bond ordinance authorizing the Notes was finally adopted in accordance with the Local Bond Law, approved by the County Executive, and published after final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that after issuance, all persons shall be estopped from questioning their sale, execution or delivery by the County.

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Purpose of the Notes

The Notes are being issued (i) to refund a portion of the Prior Notes, which Prior Notes were originally issued, inter alia, to finance various capital improvements, including the acquisition and installation of capital items in the County, pursuant to the various bond ordinances of the County set forth below:

Ordinance No.	Date Adopted	Purpose	Amount of Notes Authorized	Amount of Notes Originally Issued	Period of Usefulness	General Obligation Bond Anticipation Notes to be Issued
536-11-2008	12/2/2008	Capital Improvements and the acquisition and installation of capital items	$20,360,000	$20,360,000	14.17 years	$18,360,000 ($2,000,000 of prior notes were retired from 2016 and 2017 budgetary appropriations of the County)
276-07-2009	7/15/2009	Various Capital Improvements	$5,210,000	$5,210,000	13.848 years	$5,210,000
265-05-2012	5/17/2012	Various Capital Improvements	$28,267,156	$28,267,156	15.16 years	$28,267,156
719-12-2013	12/18/2013	Various Capital Improvements and acquisition	$31,139,000	$31,139,000	18 years	$31,139,000

(ii) to provide new money to finance various capital improvements, including the acquisition and installation of capital items in the County, pursuant to the various bond ordinances of the County set forth below:

Ordinance No.	Date Adopted	Purpose	Amount of Notes Authorized	Amount of Notes Originally Issued	Period of Usefulness	General Obligation Bond Anticipation Notes to be Issued
715-12-2014	12/11/2014	Acquisition of properties for various purposes	$50,507,000	N/A	40 years	$50,507,000
591-9-2017	9/14/2017	Various capital acquisitions and improvements	$28,684,811	N/A	16.06 years	$28,684,811

and (iii) to pay the costs in connection with the issuance of the Notes.

Security and Payment for the Notes

The Notes are valid and legally binding general obligations of the County for which the full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. Unless otherwise paid from other sources, the County has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The County is required by law to include the total amount of principal and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless provision has been made for payment from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. *See* "MUNICIPAL BANKRUPTCY" herein.

THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York will act as Securities Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes, as set forth on the front cover hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each of the Notes (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "Omnibus Proxy") to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered by the County.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The County has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of County debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The County is not required to submit the proposed incurrence of indebtedness to a public referendum.

The County, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Board of Chosen Freeholders of the County and approved by the County Executive. The Local Bond Law requires publication and posting of the bond ordinance or a summary thereof. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the 20 day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the County.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds and notes must mature within the statutory period of usefulness of the projects being financed, school debt, and with some exceptions, including self-liquidating obligations and those improvements, a five percent (5%) cash down payment of the amount of bond and notes authorized must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the County are general "full faith and credit" obligations.

Short-Term Financing

Local governmental units, including counties, may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of notes authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter unless an amount of such notes, at least equal to the first legally payable installment of the anticipated Notes (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

Tax anticipation notes are limited in amount by law and, in the case of the County, may be renewed from time to time, but all such notes and renewals thereof must mature not later than June 30 of the succeeding fiscal year.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding Notes. Refunding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board; however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

Statutory Debt Limitation

There are statutory requirements which limit the amount of net debt which the County is permitted to authorize. The authorized bonded indebtedness of a county is limited by the Local Bond Law and other laws to an amount equal to two percent (2.00%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the aggregate equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of Class II railroad property within the boundaries of the County for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). N.J.S.A. 40A:2-2. Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. N.J.S.A. 40A:2-43, -44. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. *See* "Exceptions to Debt Limitation - Extensions of Credit" below. As of September 14, 2017, the County's net debt was 0.913% (unaudited).

Exceptions to Debt Limitation - Extensions of Credit (N.J.S.A. 40A:2-7)

The debt limit of the County may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the County and that the proposed debt authorization would not materially impair the credit of the County or substantially reduce the ability of the County to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of Notes or notes of any school district. The County has not exceeded its debt limit.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs Law regulates the non-budgetary financial activities of local governments, including counties. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months after the close of the County's fiscal year (June 30), includes recommendations for improvement of the local unit's financial procedures. The audit report must also be filed with the Clerk of the Board of Chosen Freeholders and is available for review during regular business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the County's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

Annual Financial Statement (N.J.S.A. 40A:5-12 <u>et</u> <u>seq</u>.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the County conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the County's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the County does not record obligations for accumulated unused vacation and sick pay. However, the County has established a reserve to partially fund the County's estimated accumulated unused vacation and sick pay.

Local Budget Law (N.J.S.A. 40A:4-1 <u>et</u> <u>seq</u>.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including counties, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified as approved by the Director prior to final adoption of the budget by a county Board of Chosen Freeholders. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and, in the case of a county, the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and nondisbursement items. The Director is empowered to permit a higher level of anticipation, however, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions, focusing on anticipated revenues, serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the County's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of more than 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population of less than 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing or from the annual operating budget. *See* "CAPITAL IMPROVEMENT PROGRAM" herein.

Limitation on Expenditures ("CAP Law") (N.J.S.A. 40A:4-45.1 <u>et</u> <u>seq.</u>)

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the County shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever is less, of the previous year's County tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the County may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax levy of the County for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than the 3.5% over the previous year's county tax levy. *See* N.J.S.A. 40A:4-45.14. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a, -45.15b) and Chapter 74 of the Laws of New Jersey of 2004, counties may "Cap Bank" under the Local Budget Law. Counties are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations if its actual appropriations in a fiscal year are below the allowable Cost-of-Living Adjustment. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP". Major exceptions to the "CAP" limit include:

(a) The amount of revenue generated by the increase in valuations within the county, based solely on applying the preceding year's county tax rate to the apportionment valuation of new construction or improvements within the county and such increase shall be levied in direct proportion to such valuation;

(b) Capital expenditures, including appropriations for current capital expenditures whether in the capital improvement fund, or as a component of a line item elsewhere in the budget, provided that any such current capital expenditure would otherwise be bondable under the Local Bond Law;

(c) An increase based upon emergency temporary appropriations made pursuant to N.J.S.A. 40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the county, and over which the governing body had no control and for which it could not plan and emergency appropriations made pursuant to N.J.S.A. 40A:4-46. Emergency temporary appropriations and emergency appropriations shall be approved by the Director and by at least two-thirds of the members of the governing body and shall not exceed in the aggregate three percent (3%) of the previous year's final current operating appropriations;

(d) All debt service;

(e) Amounts required to be paid pursuant to (i) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage, parking, senior citizen housing or similar purpose, or payments on account of debt service therefor, between a county and any other county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of the State; and (ii) any lease of a facility owned by a county improvement authority when such lease payment represents the proportionate amount necessary to amortize debt incurred by the authority in providing the facility which is leased, in whole or in part;

(f) That portion of the county tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures. If a county provides matching funds in order to receive the Federal or State or other funds, only the amount of the match which is required by law or agreement to be provided by the county shall be excepted;

(g) Extraordinary expenses, approved by the Local Finance Board, required for the implementation of an interlocal services agreement;

(h) Any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor of the State;

(i) Expenditures for the cost of services mandated by any order of court, by any Federal or State statute or administrative rule, directive, order or other legally binding device issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency;

(j) That portion of the county tax levy which represents funding to a county college in excess of the county tax levy required to fund the county college in local budget year 1992;

(k) Expenditures for the administration of general public assistance pursuant to 1995 N.J. Laws c. 259;

(l) Amounts in a separate line item of a county budget that are expended on tick-borne disease vector management activities;

(m) Amounts expended by a county under an interlocal services agreement entered into pursuant to 1973 N.J. Laws c. 208 and entered into after the effective date of 2000 N.J. Laws c. 126 or amounts expended under a joint contract pursuant to 1952 N.J. Laws c. 72 and entered into after the effective date of 2000 N.J. Laws c. 126;

(n) Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for liability insurance, workers compensation insurance and employee group insurance;

(o) Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for costs of domestic security preparedness and responses to incidents and threats to domestic security; and

(p) Appropriations that represent expenditures made by a county for the purpose of funding normal and accrued liability contributions to the Public Employees' Retirement System of New Jersey due in the State fiscal years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009, or to the Police and Firemen's Retirement System due in the State fiscal years 2003-2004, 2004-2005, 2005-2006, 2006-2007 and 2007-2008, shall be exempt from the limits on increases to the county tax levy in county budgets for the local budget year in which those contributions are due.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the "Cap Law", however, limits the obligation of the County to levy *ad valorem* taxes upon all taxable property within the boundaries of the County to pay debt service on Notes and notes, including the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the County, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-48, -49, and approved by at least two-thirds of full membership of the governing body. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1, -55.2, -55.3. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units, including counties. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, contingent expenses, capital improvement fund or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections: "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41 (b) provides that: "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least equal the tax levy required to balance the budget. The County receives 100% of its tax levy.

Collection of County Taxes

County taxes are collected by the municipalities located within a particular county, and paid to its County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to its County Treasurer its share of the purpose taxes on the 15th day of February, May, August and November of each year. Every county is required by law to receive its share of the taxes collected from the first taxes collected by each municipality. Consequently, counties in the State experience a 100% tax collection rate.

Anticipation of Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before January 31 of each fiscal year, the County must file with the Division an Annual Debt Statement which is dated as of the last day of the preceding fiscal year. This report is made under oath and states the authorized, issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the County's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

N.J.A.C. 5:30-4 provides that the Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget. It does not by itself confer any authorization to raise or expend funds. Rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX MATTERS

The County has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the

Notes under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the opinion of Bond Counsel, to be delivered at the time of original issuance of the Notes, assuming continuing compliance by the County with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Notes in order to assure that the interest on the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The County has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Notes will be and will remain excluded from gross income for federal income tax purposes. The County will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the County. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Notes, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law, interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75 percent of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Notes is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Bank Qualification. The Notes **will not** be designated as qualified under Section 265 of the Code by the County for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt Notes, such as the Notes, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of each of the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal obligations such as the Notes is regularly under consideration by the United States Congress, including current legislation of the House of Representatives and the Senate which would affect the tax-exempt status of certain types of municipal obligations (excepting the Notes). In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt Obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Notes involving either the Notes or other tax-exempt Obligations will not have an adverse effect on the tax-exempt status of the Notes or market price of the Notes.

See Appendix D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the County, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

The County has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the County expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Notes, or that the Bankruptcy Code could not be amended after the date hereof.

INVESTMENT OF COUNTY FUNDS

Investment of funds by New Jersey counties are governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, as amended, when authorized by a cash management plan approved pursuant to N.J.S.A. 40A:5-14, counties are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) government money market mutual funds; (3) any obligation issued by a federal agency or instrumentality that has been issued in accordance with an act of Congress and has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor; (4) bonds or other obligations of the particular county or a school district encompassing the geographic area of the particular county; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools; (7) deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or (8) agreements for the repurchase of fully collateralized securities, if (i) the underlying securities are permitted investments; (ii) the custody of collateral is transferred to a third party; (iii) the maturity of the agreement is not more than 30 days; (iv) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41); and (v) a master repurchase agreement providing for the custody and security of collateral is executed.

In addition, pursuant to N.J.S.A. 52:18A-90.4, counties are permitted to invest their funds in the State of New Jersey Cash Management Fund (the "Cash Management Fund"). The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body. The Cash Management Fund is permitted to invest in the same types of investments and subject to the same limitations provided for the investment of funds in the State Treasury.

The County has no investments in derivatives.

NOTEHOLDERS' RISK

The rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion with respect to the Notes will be delivered with the Notes substantially in the form set forth as Appendix D hereto. Certain legal matters with respect to the Notes will be passed on for the County by its Counsel, Donato J. Battista, Esq., Jersey City, New Jersey ("County Counsel"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CERTIFICATES OF THE COUNTY

Upon the delivery of the Notes, the County will deliver certificates to the Underwriter (as hereinafter defined), in form satisfactory to Bond Counsel and signed by officials of the County, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in or contemplated by this Official Statement. In addition, the County will also deliver certificates to the Underwriter, in form satisfactory to Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and certificates dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes, as applicable, or the levy or collection of taxes to pay the Notes or the interest thereon, as applicable, or questioning the validity of the statutes or the proceedings under which the Notes are issued, as applicable, and that neither the corporate existence or boundaries of the County, nor the title of any of the said officers to the respective offices, is being contested.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the County of Hudson, Hudson County Administration Annex, Third Floor, 567 Pavonia Avenue, Jersey City, New Jersey 07306, Cheryl G. Fuller, Director of the Department of Finance and Administration/County Treasurer, (201) 795-6077 or to the County's Municipal Advisor, NW Financial Group, LLC, 2 Hudson Place, Hoboken, New Jersey 07030, Michael Hanley, (201) 656-0115.

NO DEFAULT

There is no report of any default in the payment of the principal of, and redemption premium, if any, and interest on the Notes, notes or other obligations of the County as of the date hereof.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, New Jersey, has served as Municipal Advisor to the County with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

LITIGATION

To the knowledge of County Counsel, after due inquiry, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the County or the title of any of the present officers. Further, to the knowledge of the County Counsel, no litigation is presently pending or threatened that, in the opinion of the County Counsel, would have a material adverse impact on the financial condition of the County if adversely decided. Upon delivery of the Notes, the County shall furnish an opinion of its County Counsel, dated the date of delivery of the Notes, attesting to the status of litigation in the County.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The County has covenanted to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Rule”), and to provide notice to noteholders with respect to certain enumerated events pertaining to the Notes as detailed in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to be executed on behalf of the County by its Director of the Department of Finance and Administration/County Treasurer, in the form appearing in Appendix E hereto, such Disclosure Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the County to assist the Underwriter (as hereinafter defined) of the Notes in complying with the Rule.

Pursuant to certain previous continuing disclosure undertakings, in the previous five (5) years, the County failed to timely file certain of its annual reports and failed to file certain event notices, including: (i) the filing of its 2012 Annual Report on November 4, 2013; (ii) the filing on June 4, 2014 of its 2012 Annual Debt Statements; (iii) the filing on June 4, 2014 of its years 2012 and 2013 Annual Budgets; and (iv) the failure to file certain event notices relating to (a) ratings changes of various bond insurers, (b) ratings changes of program ratings on certain bonds which benefit from state credit enhancements and (c) ratings changes to the County’s underlying rating. Such filings have subsequently been made and the required failure to file notices have been provided. The aforementioned continuing disclosure undertakings include undertakings with respect to the issuance of County bonds and notes and undertakings as an "obligated person" with respect to conduit issues. The County has engaged the services of Digital Assurance Certification, LLC, to act as dissemination agent to the County with respect to all of the County's outstanding continuing disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that it has prepared and reviewed this Official Statement and that the descriptions, statements and financial and statistical information contained herein, including that set forth in Appendix A, Appendix B and Appendix C are true and correct in all material respects and it will confirm same to the Underwriter (as hereinafter defined) of the Notes, by certificates signed by certain County officials and officers. *See* “CERTIFICATES OF THE COUNTY” herein.

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of the financial, demographic and statistical information contained in Appendix A, Appendix B and Appendix C to this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

County Counsel has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the sections under the caption entitled “LITIGATION” herein and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

Donohue, Gironda, Doria & Tomkins, LLC, Certified Public Accountants, Bayonne, New Jersey, the Auditor to the County, has not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has prepared Appendix B to this Official Statement.

RATING

Standard & Poor's Global Ratings, a division of Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned a rating of "SP-1+" to the Notes.

An explanation of the significance of the rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. Such rating reflects only the view of such Rating Agency, and an explanation of the significance of the rating may be obtained from such Rating Agency. There is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely by such Rating Agency, if in the judgment of such Rating Agency, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Notes have been purchased by J.P. Morgan Securities (the "Underwriter") at a purchase price of $164,543,727.71, equal to the par amount of $162,167,967.00, plus net original issue premium in the amount of $2,375,760.71.

FINANCIAL STATEMENTS

The balance sheets of the various funds of the County as of December 31, 2016 and 2015 and the statement of operations, together with the notes to the Financial Statements for the years then ended, are presented in Appendix B to the Official Statement. The financial statements referred to above have been audited by Donohue, Gironda, Doria & Tomkins, LLC, Certified Public Accountants, as stated in its report appearing in Appendix B.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County, the Underwriter and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

COUNTY OF HUDSON, STATE OF NEW JERSEY

By: /s/ Thomas A. DeGise
THOMAS A. DEGISE
County Executive

DATED: November 29, 2017

APPENDIX A

CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION CONCERNING THE COUNTY OF HUDSON

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COUNTY OF HUDSON

General Information

The County of Hudson (the "County" or “Hudson County”), State of New Jersey (the “State” or “New Jersey”) is a peninsula bounded by Newark Bay, the Passaic and Hackensack Rivers on the west, the Hudson River and New York City on the east, the Kill Van Kull on the south (separating the City of Bayonne and Staten Island, New York) and Bergen County on the north. Hudson County, at 46 square miles, is the smallest of New Jersey’s 21 counties. The resident population of Hudson County is approximately 634,266 as per the 2010 census for New Jersey issued by the U.S. Census Bureau. With over 13,585 persons per square mile, Hudson County is the most densely populated county in New Jersey.

Twelve (12) municipalities form Hudson County. They are as follows:

Jersey City	Harrison
Bayonne	Secaucus
North Bergen	Guttenberg
Union City	Weehawken
West New York	East Newark
Kearny	Hoboken

Located between the City of Newark and New York City, the most populous cities of New Jersey and New York, respectively, Hudson County is in an ideal location for industry as well as commerce. It is estimated that one (1) million persons pass through the County each day. Major transportation arteries that service the County are: the New Jersey Turnpike and other regional and interstate highways, the Lincoln and Holland Tunnels and various inter-county motor and rail links, including the Port Authority Trans-Hudson Railway ("PATH") connecting Manhattan with New Jersey. The County is also within a short travel distance of Newark Liberty International Airport in New Jersey and Kennedy International and LaGuardia Airports in New York. Within its borders are trunk-line railroads, motor freight transport facilities, deep water shipping ports and dockside warehouses that play an important role in exporting goods into world markets and importing raw materials and finished products for distribution throughout the United States.

Although the geographical boundaries of the County have not changed since it was created in 1840, internally, undeveloped marshland and underdeveloped waterfront areas are being changed to meet both the demand of technological advancement in industry and commerce, as well as the housing needs of the County's population.

County Government

Each county government in New Jersey derives its power as a separate unit of government from the Constitution of the State and State laws.

Counties, however, do not have sovereign power and may not, for instance, pass laws or ordinances that are not consistent with State laws or regulations. This form of government is supported by taxes levied by the governing body of the County and is apportioned among the municipalities that comprise the County according to the ratio of their equalized taxable ratables.

Counties were established in New Jersey around 1675 when small villages and communities combined to establish joint judicial and penal systems because it would be economically impractical for each to have a duplicate system.

Today, county government has complex responsibilities which include, but are not limited to: operating large institutions for the treatment of mental diseases, nursing homes, correctional facilities for those awaiting trial and serving sentences, courthouses for the prosecution of criminal cases and trial for civil matters, police departments and many other services.

Hudson County's Form of Government

On November 3, 1975, the citizens of Hudson County voted to change the form of government, whereby a County Executive is elected at-large and the members of the Board of Chosen Freeholders are elected by district.

This form of government officially is known as the "County Executive Plan" under the Optional County Charter Law, N.J.S.A. 40:41A-1 et seq., as amended and supplemented (the “Optional County Charter Law”).

Under the Optional County Charter Law, the County adopted an Administrative Code which establishes the administrative framework of the County, setting forth principles of policy, establishing administrative, operational and organizational forms to conduct County business, providing penalties for violations of the Code and, in effect, serving as the constitution and by-laws under which the County operates.

The County Executive is the chief executive officer of the County and, as such, is required to supervise, direct and control all County administrative departments and to enforce the charter and all laws applicable to the County as well as all ordinances and resolutions adopted by the County. The County Executive's term of office is four (4) years.

The legislative power of the County is vested in the Board of Chosen Freeholders, which is responsible for the adoption of ordinances and resolutions and, in certain designated instances, to give its advice and consent on appointments made by the County Executive.

County Officials

County Executive Mr. Thomas A. DeGise has served as the County Executive since November 2002. Prior to serving as County Executive, Mr. DeGise was Jersey City’s longest serving Municipal Council President, holding that office from 1993 to 2001. He entered public life as a community leader during the 1980’s, founding the New #28 School Neighborhood Association and eventually chairing the Heights Coalition of Neighborhood Associations (HCNA), a group dedicated to improving quality of life in Jersey City’s Heights Section. He was an educator in the Jersey City Schools from 1975 to 2002. Mr. DeGise earned his Bachelor of Arts in Political Science from St. Peters College in 1973.

County Administrator

On December 30, 2002, Abraham Antun was appointed to serve as Hudson County Administrator.

Previously, he served as Deputy Commissioner of the New Jersey Department of Community Affairs from February 2002 to December 2002. Mr. Antun was originally appointed as Hudson County Administrator in February 1999 and served in that capacity until February 2002. He also served as the Director of the Department of Finance and Administration from 1988 until February 2002.

Mr. Antun is a graduate of St. Peter's College with a Bachelor of Science in Accounting and Economics. He also holds a Master of Business Administration from Seton Hall University. He is licensed by the State as a Certified Municipal Finance Officer, Certified County Finance Officer and Certified Tax Collector.

County Counsel

On December 30, 2002, Donato J. Battista was appointed to serve as County Counsel. Previously, Mr. Battista was employed in private practice with the Office of Cole & Cole, Esqs. in Jersey City, New Jersey. He also had served as counsel to the Ethical Standards Board of the City of Jersey City. Mr. Battista is a graduate of St. Peter's College with a Bachelor of Science in History. He took post-graduate courses at Seton Hall University and he is also a graduate of Seton Hall University School of Law receiving a Juris Doctorate. He is admitted to the New Jersey State Bar and Federal District Court for the District of New Jersey.

Director of Finance and Administration

Cheryl G. Fuller has been with the County of Hudson and served in various positions since 1988. From 1988 to 1996, she held the position of Division Chief of Accounts and Controls in the Department of Finance and Administration and more recently served as the Deputy Director of the Department. Ms. Fuller has also served as Business Administrator, City Manager and CFO for various New Jersey municipalities. Prior to employment in New Jersey local government she worked in public accounting for seven years.

Ms. Fuller is a graduate of Rutgers University with a Bachelor of Science in Accounting and Economics. She is licensed by the New Jersey Board of Accountancy as a Certified Public Accountant. She is also licensed by the State of New Jersey as a Certified Municipal Finance Officer, Certified County Finance Officer and Qualified Purchasing Agent.

Freeholder Chairperson

Anthony P. Vainieri, Jr. was born in Jersey City and is a lifelong resident of North Bergen. He attended Horace Mann Grammar School and North Bergen High School. He later went to college to obtain a Certificate of Proficiency in Funeral Service that made it possible to take the NJ State Board and National Exams in funeral service becoming a Licensed Practitioner of Mortuary Science. He currently serves as the Manager and co-owner of the Vainieri Funeral Home in North Bergen. In addition Freeholder Vainieri serves as the Chief of Staff to the Mayor of North

Bergen and is Chairman of the North Bergen Zoning Board. He is a former member of the Hudson County Schools of Technology, a former Commissioner on the North Bergen Housing Authority and a former member of the NJ State Board of Mortuary Science. Freeholder Vainieri has been a member of the Board of Chosen Freeholders since January 1, 2015 and is Chairman of the Finance and Transportation Committees.

Freeholder
Vice Chairperson

William O'Dea was elected freeholder in September 1997.

Now serving his fifth full term, Freeholder O'Dea is Chairman of the Public Resources Committee, Chairman of the Banking Committee, representative to the Hudson County Improvement Authority, and a member of the Hudson County Schools of Technology Board of School Estimate. He is a member of the following committees: Taskforce on the Homeless; Contracts Review; and Environment, Health and Human Services.

A native of Jersey City, he has previous experience as an elected official, having served two consecutive terms, elected in 1985 and 1989, as a Jersey City Councilman. Currently, Bill O'Dea is Deputy Executive Director of the Elizabeth Development Company.

Freeholder O'Dea is a graduate of St. Peter's Preparatory in Jersey City, where he won the Silver Medal in Oratory Competition and the Silver Medal in Business Law. For his many academic successes, he was included in Who's Who Among American High School Students. Bill graduated magna cum laude with a Bachelors of Science degree from St. John's University. He won Gold Key Awards as a top student in criminal justice and in political science.

Chairperson
Pro Tempore

Caridad Rodriguez was elected to the Hudson County Board of Freeholders, representing the County's District 7 municipalities of West New York, Weehawken and Guttenberg, in November 2014. She is the first Cuban-American female to hold the office of Hudson County Freeholder.

Mrs. Rodriguez is a dedicated public servant who previously served in the New Jersey Assembly representing the 33rd District from 2008 to 2011. She was the first female and Hispanic Assembly representative for the 33rd District and the first Cuban-American Assemblywoman in the State of New Jersey. In the Assembly, she served as Vice-Chair on the Human Services Committee and as Member of the Public Works and Transportation Committee.

In May of 2011, Mrs. Rodriguez resigned her Assembly seat in order to be sworn in as a Commissioner of her home town of West New York, a seat she won in the 2011 Municipal Election. During the first year of her term, Mrs. Rodriguez served as Commissioner of Revenue and Finance. She subsequently served as the Town's Commissioner of Public Safety for the remainder of her term.

Source: Hudson County Board of Chosen Freeholders, Office of the Clerk of the Board.

Board of Chosen Freeholders

The legislative body of each county in New Jersey is the Board of Chosen Freeholders. In other states, officials holding similar office are known as county supervisors or commissioners.

Hudson County has a nine (9) member Board of Chosen Freeholders, each of whom is elected within a district. The districts are equally proportioned on the basis of population. The board members select one of their members to serve as chairperson, one as vice-chairperson and one as chairperson pro-tempore for a period of one (1) year. The freeholders' elected term of office is three (3) years.

The legislative power of the County is vested in the Board of Chosen Freeholders. Under the Optional County Charter Law approved by the voters in 1975, the Board of Chosen Freeholders, among other things:

a. Shall advise and consent to all appointments by the County Executive for which board confirmation is specified under the charter.

b. Shall pass whatever ordinances and resolutions it deems necessary and proper for the good governance of the County.

c. Appoints a clerk to the board who serves at the board's pleasure and who keeps the records and minutes of the board.

d. May pass resolutions of disapproval or dismissal.

e. May override a veto of the County Executive by a two-thirds vote.

f. Approves the annual operating and capital budgets.

Public and Non-Public Schools

In the 2016/2017 school year, Hudson County's 12 municipalities and 16 Charter Schools had 5 Early Childhood Centers, 83 public elementary schools, 16 middle schools and 21 high schools. Supplementing these are 2 public special education schools, 2 private schools for the disabled, 4 adult/evening high schools and 2 satellite schools of technology.

In addition, there are institutions of higher learning such as Stevens Institute of Technology (an engineering college), New Jersey City University, St. Peter's College and Hudson County Community College, which awards a two-year Associate Degree.

Vocational-technical education has long been regarded as important to industrial growth within the County. In Bayonne, North Bergen, Kearny and Jersey City there are vocational education programs for high school students. Vocational education is also provided to adults through the HCST adult evening and adult high school.

As of September 2008, there were 363 registered family day care providers and 197 licensed child care centers registered with the Urban League of Hudson County of which 27 participate in the Pre-K (Abbott) Program in Hudson County.

Source: The Urban League of Hudson County, the New Jersey Department of Education - New Jersey School Directory and the Archdiocese of Newark's School Statistics.

Transportation

General

Hudson County lies on six (6) waterways: the Passaic River, Newark Bay, Kill Van Kull, New York Harbor, the Hackensack River and the Hudson River. Separated physically from Manhattan by the Hudson River, the County is connected via the Holland Tunnel from Jersey City, the Lincoln Tunnel from Weehawken and the PATH, a modernized rapid transit system having a rail tunnel, which traverses the Hudson River, with six (6) stations in Jersey City, Hoboken and Harrison.

Air

Within 15 minutes travel time from Hudson County, Newark Liberty International Airport, served by major airlines, has one of the largest and most comprehensive airfreight and new passenger terminals in the East. "Air Train", the airport's monorail completed in October 2001, connects to the Northeast Corridor Line of New Jersey Transit and Amtrak.

Newark Liberty International Airport is nearing completion of a $3.8 billion redevelopment program that includes: the extension of the AirTrain system, a second International Arrivals Facility, modernized passenger terminals, improved airport access, additional parking facilities, expanding roadways, and improved runways and taxiways.

The airport provides over 20,000 parking spaces. There are over 17,000 public parking spaces, in the short-term, daily and economy/long-term lots and about 3,000 employee parking spaces. In January 2000, construction began on a six level 3,200-space parking garage at AirTrain Station P4. Construction began in the summer of 2000 for a 3,400-space four-level parking garage at Terminal C. Both garages are complete.

On December 8, 2005, The Port Authority of New York and New Jersey (the "Port Authority"), which owns Newark Liberty International Airport, approved its strategic plan, setting forth planned capital projects for 2006-2015, as approved by its Board. The plan includes $268 million designated for modernization of Terminal B and $50 million for modernization, expansion and structural parking at Terminal A of Newark Liberty International Airport.

Rail

New Jersey Transit has an extensive rail system providing passenger service throughout New Jersey and into New York Penn Station. The Hoboken Terminal and Secaucus Junction are currently New Jersey Transit's only stations in Hudson County, but both are major hubs in New Jersey Transit's system. These stations serve to provide convenient and frequent direct or connecting routes to all destinations served by the New Jersey Transit rail system with Secaucus Junction connecting all but one of New Jersey Transit's eleven (11) lines.

New Jersey Transit currently runs eight (8) separate direct routes to and from Hoboken Terminal:

Bergen County Line	Montclair-Boonton Line	Morristown Line
Main Line	Pascack Valley Line	Raritan Valley Line (Weekends Only)
North Jersey Coast Line	Gladstone Branch	

New Jersey Transit currently runs eight (8) separate direct routes to and from Secaucus Junction:

Bergen County Line	North East Corridor Line	North Jersey Coast Line
Morristown Line	Pascack Valley Line	Montclair-Boonton Line
Gladstone Branch	Main Line	

New Jersey Transit also manages the Hudson-Bergen Light Rail, which currently operates daily among twenty (20) stations from West Side Avenue, Jersey City, East 22nd Street, Bayonne to Lincoln Harbor, Weehawken. In October 2005, the Port Imperial Terminal was opened to weekend service. In 2006, two (2) more stations opened expanding service northward to Bergenline Avenue and Tonnelle Avenue, North Bergen.

The PATH is a rapid rail system that operates among Newark, Harrison, Jersey City and Hoboken in New Jersey and six (6) stations across the Hudson River in New York. The PATH has thirteen (13) rail stations throughout northeastern New Jersey and Manhattan, including the World Trade Center Station, which was reopened on November 23, 2003.

The Port Authority's strategic plan approved by its Board on December 8, 2005, includes approved 2006-2015 capital projects totaling $1.1 billion designated for the completion of PATH rail car replacement and modernization of signal and power systems, platforms and rail yards.

Ferry

New York Waterway and Billy Bey Ferry Co. offer frequent and convenient ferry service into and out of Manhattan from Weehawken, Hoboken and Jersey City to World Financial Center and Pier 11/Wall Street in lower Manhattan, and to West 39th in midtown Manhattan, where free transfer is available to a variety of "loop" buses.

New York Water Taxi operates one ferry route between the Colgate Docks in Jersey City and Pier 11 near Wall Street. Liberty Park Water Taxi operates one ferry route between Liberty Landing Marina in Jersey City and Battery Park City/World Financial Center in Manhattan.

Bus

An extensive public/private system of bus routes provides intra-county and intra-state service via many local routes.

Major Highways

Rt. 495, Rt. 185, Rt. 3, Rt. 7, Rts. 1 & 9, Rt. 440 and the New Jersey Turnpike link the County to other eastern market areas and Rt. I-95, Rt. I-78, and Rt. I-280 provide western links within the State and New York.

Connecting the Hudson County peninsula's heavy industrial and waterfront areas is the 8 mile Newark Bay - Hudson County extension of the multi-lane New Jersey Turnpike. The Turnpike interchanges listed below provide direct access and physical proximity to New York City and other key market areas:

14	–	Newark, New Jersey	Newark Liberty International Airport.
14A	–	Bayonne	Port Jersey: a deep-water container-ship seaport and industrial park and Military Ocean Terminal Bayonne.
14B	–	Jersey City	Liberty State Park: the largest urban state park, bordering the Statue of Liberty and Ellis Island.
14C	–	Jersey City	Business and residential sections.

Seaport

Port Jersey Industrial Marine Center is divided into a 100 acre industrial park and a modern 310 acre container-port with bulk capabilities, roll-on, roll-off and break-bulk facilities. The Port Jersey Corporation has formed its own railroad which will service the 17 berths and industrial complex. The Greenville Yards of Conrail are adjacent to this seaport. Port Jersey's geographic location provides excellent access to the sea from the Port of New York's Upper Harbor.

Communications

Newspapers

The Jersey Journal, published in Jersey City daily except Sundays and holidays, has a circulation of 30,000. New York City and New Jersey metropolitan area papers also have wide circulation. Several foreign language newspapers are available as well.

Postal Facilities

One of the largest postal distribution facilities in the entire northeastern United States is located in Jersey City. Local delivery is made from 33 offices throughout the County.

Telephone

Verizon New Jersey provides the majority of telephone access lines in the State. It provides voice, data, DSL and video services to residential and business customers. Previously, as New Jersey Bell, it had filed a proposal with the Board of Regulatory Commissioners to accelerate the installation of a fully fiber-optic network in the State by 2010.

Electricity and Gas

Public Service Electric & Gas Company ("PSE&G") supplies electric and/or gas service throughout Hudson County and in a 2,500 square mile corridor between New York and

Philadelphia. The company is the nation's third largest electric and gas utility. The utility uses fossil fuel generating stations, nuclear power, gas turbines, and pumped storage hydroelectric facilities. Increased reliability is obtained by the company's participation in the Pennsylvania-New Jersey-Maryland (PJM) power pool. PSE&G also supplies natural gas service to the customers in its service area. The bulk of the gas supply is from pipelines from the southwest United States.

Fuel Oil

Hudson County's fuel oil requirements are supplied from various locations. There are three (3) waterfront terminals with ample storage facilities and more than ten (10) reliable retailers who are capable of trucking oil to customers from one (1) of the terminals located in Jersey City, Bayonne or nearby Port Newark, which boasts terminals owned by most major oil companies in the United States.

Solid Waste

In accordance with its designation as a solid waste management district under the Solid Waste Management Act, the County developed a comprehensive plan for solid waste management within the Hudson County Solid Waste Management District. The original Hudson County Solid Waste Management Plan (the "County Plan") was adopted by the Hudson County Board of Chosen Freeholders (the "County Freeholders") on April 11, 1979 and was approved by the New Jersey Department of Environmental Protection ("DEP") on April 26, 1979. By Ordinance dated November 18, 1985, the County Freeholders designated the Hudson County Improvement Authority as the sole agency responsible for the implementation of the County Plan.

The County Plan has been amended from time to time to encompass significant changes in the Hudson County Solid Waste Management System (the "Solid Waste System") and, as required by the Solid Waste Management Act, to provide adequate planning for the disposal of all solid waste generated in the County. Most recently the County Plan has been amended in response to <u>Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al.</u>, 112 P.3d 652 (1997) ("Atlantic Coast").

The Hudson County Improvement Authority currently has outstanding $85,660,000 in solid waste system revenue bonds relating to the development of the County Solid Waste System and compliance with state mandated solid waste disposal policies. The current County Plan provides, among other things, for the disposal of all in-County generated type 10 solid waste at SWT&R in Newark and solid waste types 13, 23, 25 and 27 at the New Jersey Meadowlands Commission in Lyndhurst.

The County, in order to fulfill its obligations under its Contingent Sale or Lease Agreement with the Hudson County Improvement Authority, issued $33,000,000 in bond anticipation notes over a three year period beginning in 2001, for the purchase of the former resource recovery facility located in Kearny, New Jersey and commonly known as the Koppers Site (the "Koppers Site"). The $33,000,000 in original note proceeds was paid to the Hudson County Improvement Authority for the Koppers Sites. These funds are expected to be repaid to Hudson County upon completion of the remediation and sale of the Koppers Site. The Hudson County Improvement Authority and Hudson County are currently participating in a cooperative effort to market the site. On May 1, 2012, the County permanently financed a portion of the outstanding obligations through the issuance of County Secured Koppers Site Revenue Bonds, Series 2012 through the Hudson County Improvement Authority in the amount of $6,265,000. Further, on May 1, 2013, the County permanently financed the remaining portion of the outstanding notes through the issuance of County Secured Koppers Site Revenue Bonds, Series 2013 through the Hudson County Improvement Authority in the amount of $19,880,000. Both series of bonds are continuously callable and reach final maturity on May 1, 2025.

Water

Water is supplied to Hudson County municipalities as follows:

Municipality	Supplier
Bayonne	North Jersey District Water Supply Commission
East Newark	North Jersey District Water Supply Commission
Kearny	North Jersey District Water Supply Commission
Harrison	Passaic Valley Water Commission
Hoboken	United Water Company
Jersey City	United Water Company
Guttenberg	United Water Company
North Bergen	United Water Company
Secaucus	United Water Company
Union City	United Water Company
Weehawken	United Water Company
West New York	United Water Company

Sewerage

Generally, sewerage operations for Hudson County residents are administered by sewerage authorities either comprised of individual municipalities or groups of neighboring municipalities. Sewerage for Jersey City, Bayonne, Kearny, Harrison and East Newark is processed by the Passaic Valley Sewerage Commission. Sewerage for Hoboken, Union City, Weehawken and West New York is processed by the North Hudson Sewerage Authority. Sewerage for North Bergen and Guttenberg is processed by the North Bergen Municipal Utilities Authority. Sewerage for Secaucus is processed by the Secaucus Municipal Utilities Authority.

Sources: Economic Profile of Hudson County, Hudson County Chamber of Commerce and Industry, City of Bayonne Water and Sewer Departments, Town of Harrison Sewer Department, and Kearny Water Services. County of Hudson Department of Finance and Administration.

POPULATION OF THE COUNTY
Resident Population

Municipality	1940	1950	1960	1970	1980	1990	2000	2010	Land Area (Sq. Mi.)
Bayonne	79,198	77,203	74,215	72,743	65,047	61,444	61,842	63,024	5.63
East Newark	2,273	2,173	1,872	1,922	1,923	2,157	2,377	2,406	0.10
Guttenberg	6,200	5,566	5,118	5,754	7,340	8,268	10,807	11,176	0.19
Harrison	14,171	13,490	11,743	11,811	12,242	13,425	14,424	13,620	1.22
Hoboken	50,115	50,676	48,441	45,380	42,460	33,397	38,577	50,005	1.28
Jersey City	301,173	299,017	276,101	260,350	223,532	228,537	240,055	247,597	14.92
Kearny	39,467	39,952	37,472	37,585	35,735	34,874	40,513	40,684	9.14
North Bergen	39,714	41,560	42,387	47,751	47,019	48,418	58,092	60,773	5.20
Secaucus	8,950	9,750	12,154	13,228	13,719	14,061	15,931	16,264	5.89
Union City	58,659	55,537	52,180	57,305	55,593	58,012	67,088	66,455	1.27
Weehawken	14,807	14,830	13,504	13,383	13,168	12,385	13,501	12,554	0.85
West New York	37,107	37,683	35,547	40,627	39,194	38,125	45,768	49,708	1.02
Hudson County	652,040	647,437	610,734	607,839	556,972	553,099	608,975	634,266	46.69

Source: U.S. Census Bureau.

PROJECTED POPULATION OF THE COUNTY

	Census on April 1	Estimates July 1	Projections to July 1	Population	Rate of Growth
Hudson County	1990			553,090	N/A
	2000			608,975	10.10%
		2012		653,369	6.79%
	2010			634,266	-3.01%
			2017	689,200	7.97%
			2022	724,600	4.89%
			2027	758,700	4.49%
			2032	780,600	2.81%

Note: Latest projection does not seem to take actual 2010 census into account.
Source: State of NJ Department of Labor and Workforce Development, Labor Market Information, Demographics, Labor Force Projections

TOTAL HOUSING UNITS
BY MUNICIPALITY
1980-2010

Municipality	1980	1990	2000	2010	Percent Change 1980-1990	Percent Change 1990-2000	Percent Change 2000-2010
Bayonne	26,363	26,468	26,826	27,799	0.40%	1.35%	3.63%
East Newark	696	755	799	794	8.48	5.83	-0.63%
Guttenberg	4,061	4,504	4,650	4,839	10.91	3.24	4.06%
Harrison	4,618	5,120	5,254	5,228	10.87	2.62	-0.49%
Hoboken	16,821	17,421	19,915	26,855	3.57	14.32	34.85%
Jersey City	87,999	90,723	93,648	108,720	3.10	3.22	16.09%
Kearny	13,301	13,435	13,872	14,180	1.01	3.25	2.22%
North Bergen	19,375	21,274	22,009	23,912	9.80	3.45	8.65%
Secaucus	5,502	6,013	6,385	6,846	9.29	6.19	7.22%
Union City	21,500	22,592	23,741	24,931	5.08	5.09	5.01%
Weehawken	5,208	5,583	6,159	6,213	7.20	10.32	0.88%
West New York	15,832	15,794	17,360	20,018	-0.30	9.98	15.31%
Hudson County	221,276	229,682	240,618	270,335	3.79%	4.77%	12.35%

Source: Hudson County 1990 Data Book, Department of Planning and Economic Development, 1990 Census Profile Series, Census 2000 Housing Units, U.S. Census Bureau.
Additional Source for Update: State of NJ Dept. of Labor and Workforce Development, State Data Center, Summary file-1 Data for Hudson County 2010 Census, U.S. Census Bureau

Housing Activity

The following table shows the number of dwelling units authorized by building permit in Hudson County through the years 2007-2016.

DWELLING UNITS AUTHORIZED BY BUILDING PERMIT

Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Building Permits	3,081	3,229	1,618	917	1,581	2,676	3,521	4,621	5,060	4,164
Single Units	161	115	84	55	47	46	130	272	400	338
Multi Units	2,920	3,114	1,534	862	1,534	2,630	3,391	4,349	4,660	3,826

Source: New Jersey Building Permits Program Data. State of New Jersey Department of Labor, Division of Labor Market and Demographic Research.

TOTAL DWELLING UNITS AUTHORIZED BY BUILDING PERMIT

By Municipality
2007-2016

Municipality	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bayonne	251	626	68	46	46	189	286	193	188	63
East Newark	0	0	2	0	0	60	60	0	0	0
Guttenberg	43	72	51	2	2	22	8	18	21	2
Harrison	519	67	14	10	7	483	22	468	309	739
Hoboken	394	462	149	254	292	234	420	475	743	110
Jersey City	1,157	1,457	1,048	170	565	616	1,687	2,180	2,658	1,494
Kearny	11	0	0	0	0	0	2	151	0	84
North Bergen	2	0	0	0	0	0	0	0	0	10
Secaucus	101	245	69	373	406	665	667	632	657	766
Union City	196	64	77	19	2	55	39	43	94	81
Weehawken	68	41	28	13	0	217	226	403	5	558
West New York	339	195	112	30	261	135	104	58	385	257
Hudson County	3,081	3,229	1,618	917	1,581	2,676	3,521	4,621	5,060	4,164

Source: State of New Jersey Department of Labor, Division of Labor Market and Demographic Research.

NEW JERSEY COUNTIES
TOTAL RESIDENTIAL UNITS AUTHORIZED BY BUILDING PERMITS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
New Jersey	25,400	18,369	12,396	13,540	13,079	17,939	24,199	28,174	30,640	26,793
Atlantic	1,136	794	512	512	390	441	484	722	710	1,083
Bergen	2,957	1,311	806	1,232	1,660	2,535	2,751	3,408	2,672	3,144
Burlington	1,037	976	806	682	791	713	734	1,000	892	825
Camden	1,191	895	585	487	603	898	1,368	1,506	1,121	553
Cape May	1,081	485	428	434	452	491	658	638	614	642
Cumberland	683	336	262	246	182	190	219	211	237	134
Essex	1,854	1,314	777	663	575	1,334	1,463	2,617	3,214	2,386
Gloucester	920	788	865	716	592	534	939	491	736	727
Hudson	3,081	3,229	1,618	917	1,581	2,676	3,521	4,621	5,060	4,164
Hunterdon	316	206	268	275	287	181	199	348	425	355
Mercer	700	625	269	655	400	444	964	368	896	711
Middlesex	1,597	1,020	1,018	1,568	1,225	1,307	1,652	1,901	2,990	2,351
Monmouth	2,060	1,526	964	915	864	1,034	1,663	1,484	1,399	1,933
Morris	1,052	795	613	579	547	878	1,665	1,611	2,262	1,695
Ocean	2,160	1,527	902	1,322	933	1,125	2,171	2,937	2,621	2,628
Passaic	760	432	281	402	406	528	838	518	507	397
Salem	148	198	149	105	82	61	38	51	43	50
Somerset	926	791	438	716	580	1,169	1,221	1,310	1,551	995
Sussex	360	302	182	210	172	267	262	222	216	169
Union	1,123	673	488	730	566	929	1,111	1,966	2,185	1,594
Warren	258	146	165	174	191	204	278	244	289	257

Note: This table is prepared using annual averages derived from aggregated monthly building permit data. Due to differences in cutoff dates, annual averages derived from aggregated monthly data may differ from annualized building permit data.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division
Prepared by: New Jersey Department of Labor & Workforce Development, 7/17

Unemployment

Listed below is a year-by-year compilation of annual average labor force and unemployment figures for Hudson County, New Jersey.

COMPARATIVE UNEMPLOYMENT DATA

Year	Labor Force	County Unemployment as % of Civilian Labor Force	State Unemployment as % of Civilian Labor Force	National Unemployment as % of Civilian Labor Force
2007	290,029	5.00	4.30	4.62
2008	294,030	6.20	5.50	5.80
2009	300,162	10.50	9.10	9.28
2010	652,642	9.60	9.50	9.61
2011	357,300	9.20	9.30	8.94
2012	361,039	9.10	9.30	8.07
2013	358,912	8.00	8.20	7.37
2014	357,862	6.50	6.60	6.15
2015	362,265	5.30	5.60	5.30
2016	362,265	3.80	5.00	4.90

Source: U.S. Department of Labor, Bureau of Labor Statistics, and New Jersey Department of Labor, Bureau of Labor Force Statistics.

Economy

The following chart shows the distribution of the Bergen-Hudson-Passaic Metropolitan Statistical Area labor force by industry group for the years 2007 through 2016.

BERGEN-HUDSON-PASSAIC MSA
Nonagricultural Wage and Salary Employment Trends
(Data in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Goods Producing	105.7	101.1	89.3	86.4	86.8	85.7	86.4	87.4	88.8	89.5
Manufacturing	72.2	69.0	61.9	60.6	60.8	59.2	58.6	58.2	58.4	59.0
Mining, Logging, and Construction	33.5	32.0	27.4	25.8	26.0	26.5	27.7	29.2	30.4	30.5
Service-Providing	801.1	797.0	775.6	777.3	780.2	787.6	794.5	802.9	814.2	826.7
Trade, Transportation, and Utilities	215.8	210.8	200.3	200.9	202.1	204.3	205.2	207.7	209.4	209.3
Information	24.0	22.2	19.7	19.5	18.7	18.1	18.1	19.1	19.6	19.6
Financial Activities	74.1	75.2	73.7	72.0	70.9	69.5	69.7	67.0	68.2	71.1
Professional and Business Services	136.2	137.4	128.3	129.2	135.9	140.0	142.1	139.8	142.5	144.4
Education and Health Services	130.8	133.3	136.9	139.7	140.6	143.4	144.1	148.9	152.3	156.6
Leisure and Hospitality	61.2	61.6	62.0	63.3	63.6	63.7	66.4	67.8	69.6	71.7
Other Services	38.5	34.6	33.2	32.9	33.2	34.4	34.0	35.3	35.9	36.4
Government	120.5	121.9	121.6	119.9	115.4	114.1	114.8	117.4	116.9	117.5
Total	906.8	898.1	864.9	863.7	867.0	873.3	880.9	890.3	903.0	916.2

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

NEW JERSEY
ESTIMATED OCCUPATIONAL EMPLOYMENT PROJECTIONS

	Actual 2010	Projected 2020	% Change
Management, Business and Financial Occupations	481,500	520,400	8.1
Professional and Related Occupations	932,700	1,008,900	8.2
Service Occupations	830,400	915,900	10.3
Sales and Related Occupations	444,900	479,400	7.8
Office and Administrative Support Occupations	705,400	732,400	3.8
Farm, Fishing and Forestry Organizations	2,300	2,500	8.7
Construction and Extraction Occupations	134,700	158,700	17.8
Installation, Maintenance and Repair Occupations	147,100	158,300	7.6
Production Occupations	182,900	178,500	-2.4
Transportation and Material Moving Occupations	293,700	320,900	9.3
Total	4,155,600	4,475,900	7.1

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

25 LARGEST TAXPAYERS IN HUDSON COUNTY
BASED UPON 2016 ASSESSED VALUATION

		Assessed Valuation
1	Hartz Mountain Corp	$970,146,472
2	Mack Cali Properties	370,450,700
3	Applied Properties	205,064,000
4	NC Housing Associates	132,666,800
5	IMTT Bayonne Industries	118,102,000
6	Sovereign LTD	102,913,000
7	ASN Hoboken I & II, LLC	102,706,000
8	DSF IV Hoboken Owner LLC	90,708,000
9	Fraternity Meadows LLC	83,916,000
10	1130 Grand St Hoboken LLC	80,461,000
11	PSE & G	80,654,250
12	8100 River Road	68,376,100
13	Lennar	68,717,300
14	North Bergen East	62,388,500
15	CPT Juliana, LLC	61,750,000
16	MPT of Hoboken RE LLC	60,347,300
17	Toll Brothers	59,735,600
18	Newport Centre LLC	58,088,000
19	PMP 500 Plaza Dr Corp	48,477,600
20	Verizon	46,327,221
21	MEPT Newport Tower	45,000,000
22	7855 Blvd East	44,826,800
23	John Hancock Life Ins	43,490,400
24	70 Columbus Urban Renewal, LLC	42,775,100
25	Global Weehawken Acq	42,500,000
		$ 3,090,588,143

Source: Hudson County Board of Taxation

FIFTEEN LARGEST PRIVATE EMPLOYERS IN THE COUNTY OF HUDSON

	Company Name and Location	Estimated Number of Employees
1)	United Parcel Services, Inc. NY Corp. (Secaucus)	6,000
2)	UBS Financial Services (Weehawken)	5,000
3)	John Wiley & Sons Inc. (Hoboken)	4,900
4)	Goldman Sachs & Co. (Jersey City)	3,782
5)	United States Postal Service (Jersey City)	2,200
6)	Pershing LLC/Mellon Bank (Jersey City)	2,000
7)	Hanover Direct Inc.	1,975
8)	Bayonne Hospital (Bayonne)	1,867
9)	New Jersey City University (Jersey City)	1,663
10)	Hoboken University Medical Center (Hoboken)	1,647
11)	JP Morgan Chase Bank (Jersey City)	1,592
12)	Marsh USA Inc. (Hoboken)	1,500
13)	Citigroup Inc. (Jersey City)	1,500
14)	The Children's Place Retail Store (Secaucus)	1,500
15)	A & M (2015) LLC. (North Bergen)	1,500

Source: Hudson County Economic Development Corp., Major Employers List, January 2017.

County Tax Rates

The following schedule shows the Hudson County tax rate per $1,000.00 based on equalized valuations.

In 2004, the County established an Open Space, Recreation, Farmland and Historic Preservation Trust Fund. This fund was duly approved by the Hudson County voters in November 2003. The open space tax is limited to 10 cents per $1,000 County equalized valuation.

Year	County Purpose	County Open Space
2017	$ 4.830015000	0.10
2016	5.256456600	0.10
2015	5.354033801	0.05
2014	5.432753843	0.05
2013	5.427580443	0.02
2012	5.120730860	0.10
2011	4.606056535	0.05
2010	4.100884057	N/A
2009	3.829555708	0.10
2008	3.706174779	0.10

Source: County of Hudson, Department of Finance and Administration.

HUDSON COUNTY
ASSESSED VALUATIONS OF LAND AND IMPROVEMENT BY CLASS

Year	Total	Class 1 Vacant Land	Class 2 Residential	Class 4a Commercial	Class 4b Industrial	Class 4c Apartments
2017	$ 31,158,397,783	$ 849,409,973	$ 18,545,205,021	$ 6,221,516,519	$ 2,504,043,940	$ 3,038,222,330
2016	30,622,018,695	877,241,128	18,421,359,838	5,994,663,669	2,445,830,530	2,882,923,530
2015	30,386,776,195	838,973,628	18,255,451,065	5,945,021,942	2,478,909,730	2,868,419,830
2014	30,125,470,431	859,134,341	18,124,654,565	5,889,291,355	2,379,814,780	2,872,575,390
2013	22,065,703,640	813,000,997	12,579,961,122	4,541,483,527	2,373,106,080	1,758,151,914
2012	22,059,173,124	830,678,729	12,599,549,374	4,588,573,358	2,318,154,730	1,722,216,933
2011	22,254,673,988	885,377,129	12,634,080,055	4,651,379,831	2,352,772,470	1,731,064,503
2010	21,951,680,966	916,654,528	12,363,451,935	4,611,693,223	2,400,631,570	1,659,249,710
2009	21,934,717,615	924,883,320	12,239,841,123	4,607,681,202	2,494,042,770	1,663,269,200
2008	21,803,100,661	946,465,666	11,956,699,122	4,727,563,843	2,518,665,330	1,653,706,700

Source: Hudson County Board of Taxation.

HUDSON COUNTY
NET VALUATIONS AS EQUALIZED

Year	Land	Improvements	Land and Improvements	Personal Property	Net Valuation Taxable	Valuation as Equalized	Net Valuation Taxable Divided by Valuations Equalized
2017	$ 11,624,736,347	$ 19,616,075,756	$ 31,240,812,103	$ 43,023,905	$ 31,201,421,688	$ 73,311,701,142	42.56 %
2016	11,584,280,860	19,123,062,915	30,707,343,775	45,384,383	30,667,403,078	65,392,301,602	46.90
2015	11,541,236,011	18,932,646,664	30,473,882,675	46,315,097	30,433,091,292	61,590,191,081	49.41
2014	11,516,820,400	18,683,448,751	30,200,269,201	43,445,405	30,168,915,836	58,176,635,774	51.86
2013	7,634,490,772	14,514,444,032	22,148,934,804	43,049,087	22,108,752,727	56,209,203,691	39.33
2012	7,649,489,836	14,514,012,032	22,163,501,868	47,041,091	22,106,214,215	57,804,197,033	38.24
2011	7,750,856,416	14,642,766,266	22,393,622,682	43,373,384	22,254,673,988	61,904,507,553	35.95
2010	7,580,446,090	14,531,622,026	22,112,068,116	38,886,432	21,990,567,398	66,652,575,537	33.00
2009	7,573,435,998	14,361,281,617	21,934,717,615	37,491,797	21,972,209,412	68,609,400,985	32.03
2008	7,540,835,916	14,262,264,745	21,803,100,661	38,412,138	21,841,512,799	66,711,261,411	32.74

Source: Hudson County Board of Taxation.

HUDSON COUNTY
Tax Levy - County Purpose

	2017	2016	2015	2014	2013
Bayonne	$ 26,294,413	$ 27,017,738	$ 28,440,609	$ 27,344,708	$ 27,761,544
East Newark	717,367	694,665	715,158	797,709	769,900
Guttenberg	4,557,904	4,697,652	4,803,745	4,722,131	4,894,916
Harrison	6,004,318	6,450,326	6,188,966	5,807,300	5,858,698
Hoboken	74,195,523	70,290,345	67,327,339	60,351,815	52,906,680
Jersey City	126,293,800	115,491,912	104,854,028	101,550,077	95,984,667
Kearny	17,673,754	18,989,597	18,509,406	17,655,623	17,580,340
North Bergen	26,935,179	26,541,907	25,529,571	24,411,429	25,123,600
Secaucus	23,505,445	23,825,377	22,862,721	25,787,637	26,861,356
Union City	17,439,293	17,912,576	16,902,714	15,892,890	16,628,553
Weehawken	13,996,033	13,240,946	14,502,521	13,812,519	13,635,896
West New York	12,930,723	12,190,712	13,106,975	11,709,914	12,314,650
Total	$ 350,543,753	$ 337,343,753	$ 323,743,753	$ 309,843,753	$ 300,320,800

Source: County of Hudson, Department of Finance and Administration; Hudson County Board of Taxation.

HUDSON COUNTY
Tax Levy – County Open Space

	2017	2016	2015	2014	2013
Bayonne	$ 550,254	$ 527,725	$ 268,553	$ 256,647	$ 104,261
East Newark	14,852	13,215	6,717	7,484	2,838
Guttenberg	95,101	90,083	45,217	43,788	18,098
Harrison	126,957	126,316	57,865	54,894	21,853
Hoboken	1,546,411	1,348,278	636,000	560,750	198,439
Jersey City	2,660,997	2,232,752	1,012,320	962,576	360,806
Kearny	366,289	362,156	173,382	163,640	65,545
North Bergen	561,594	517,178	240,281	229,668	94,367
Secaucus	483,290	457,719	220,117	239,463	99,112
Union City	363,215	342,859	159,848	149,158	62,166
Weehawken	291,051	271,016	135,748	131,973	50,512
West New York	271,159	249,933	123,462	108,792	46,127
	$ 7,331,170	$ 6,539,230	$ 3,079,510	$ 2,908,832	$ 1,124,124

Source: County of Hudson, Board of Taxation

TAX-EXEMPT PROPERTIES IN HUDSON COUNTY
2017 ASSESSED VALUATION

Public Schools	$ 895,914,300
Schools other than Public	621,332,200
Public Property	2,986,258,480
Church and Charities	627,057,990
Cemeteries	67,642,500
Miscellaneous	6,072,306,026
Total	$ 11,270,511,496

Source: Hudson County Board of Taxation.

Tax Collections

County taxes are payable quarterly by the various municipalities. Payment is required from the municipality in total and is not based on collections of taxes by the municipality. Accordingly, the County has achieved a constant 100% collections percentage.

The following table is the current real property tax collection record for the years 2007 through 2016.

Fiscal Year Beginning January 1	County Purpose Tax	County Open Space Tax	Uncollected at End of Fiscal Year December 31
2016	$ 337,343,753	$ 6,539,530	-0-
2015	323,743,753	3,079,510	-0-
2014	309,843,753	2,908,832	-0-
2013	300,320,800	1,124,124	-0-
2012	291,096,475	5,780,418	-0-
2011	279,653,339	3,095,225	-0-
2010	269,353,339	695,215	-0-
2009	257,381,953	6,860,940	-0-
2008	245,570,034	6,671,126	-0-
2007	233,775,687	5,861,231	-0-

Source: County of Hudson, Department of Finance and Administration.

COMPARATIVE SCHEDULE OF
FUND BALANCES - CURRENT FUND

Calendar Year	Balance December 31	Utilized in Budget of Succeeding Year
2016	$ 38,212,443	$ 34,614,535
2015	26,352,065	23,500,000
2014	25,565,615	24,000,000
2013	22,569,476	21,500,000
2012	23,099,387	22,500,000
2011	28,051,598	23,500,000
2010	25,060,546	24,000,000
2009	24,528,532	24,000,000
2008	24,285,914	23,800,000
2007	22,505,108	22,000,000

Source: County of Hudson, Department of Finance and Administration.

SUMMARY OF COUNTY DEBT
DECEMBER 31, 2016

Bonds and Notes Issued, Loans and Guarantees	$ 669,966,887
Authorized But Not Issued-Bonds and Notes	314,735,690
Total Bonds and Notes Issued and Authorized but Not Issued	984,702,577
Issued:	
Green Acres Loan Payable	3,191,647
Serial Bonds and Notes Issued	362,960,156
Self-Liquidating Bonds	-
Guarantees – Hudson County Improvement Authority	387,791,239
Total Issued Bonds and Notes, Loans and Guarantees	753,943,043
Authorized But Not Issued:	
Serial Bonds and Notes Authorized but Not Issued	230,759,534
Total Serial Bonds and Notes, Loans and Guarantees Issued and Not Issued	984,702,577
Statutory Deductions	
Serial Bonds and Notes Issued	22,457,051
Self-Liquidating Bonds	-
Serial Bonds and Notes Authorized But Not Issued	29,899,000
Guarantees – Hudson County Improvement Authority	387,791,239
Total Statutory Deductions	440,147,290
Net Debt	$ 544,555,286
Average Equalized Valuation of Real Property (Years 2014–2016)	65,188,015,896
Gross Debt as a Percentage of Equalized Valuations	1.511%
Net Debt as a Percentage of Equalized Valuations	0.835%
Gross Debt per Capita – 2010 Census: 634,266	$1,553
Net Debt per Capita – 2010 Census: 634,266	$859
Borrowing Power:	
2% of Average Equalized Valuation Basis	$ 1,303,760,318
Net Debt	544,555,286
Remaining Borrowing Power:	$ 759,205,032

Source: County of Hudson, Department of Finance and Administration.

STATUTORY DEBT
DECEMBER 31, 2016

	Gross Debt	Deductions	Net Debt
Total Bonds and Notes for Self-Liquidating Purposes	$ -	$ -	$ -
Total Serial Bonds and Notes Issued and Authorized But Not Issued	984,702,577	440,147,290	544,555,286
Total	$ 984,702,577	$ 440,147,290	$ 544,555,286
Average Equalized Valuation of Real Property (Years 2014-2016)			65,188,015,896
Statutory Net Debt as a Percent of Valuation			0.835%

Source: County of Hudson, Department of Finance and Administration.

COUNTY OF HUDSON
DEBT STATEMENT AS OF DECEMBER 31, 2016
AUTHORIZED BUT NOT ISSUED

1.	Bonds Authorized not Issued		
2.	HCST Various Capital Improvements - 1997	$	50,000.00
3.	Green Acres Projects:		
4.	West Hudson & Lincoln Park	$	157,716.00
5.	Bayonne Park Playground	$	3,500.00
6.	Laurel Hill Extension	$	69,997.50
7.	HCST Various Capital Improvements - 1998	$	20,000.00
8.	Various Capital Improvements - 2000	$	211,146.00
9.	Open Space Capital Improvements - 2005	$	200.00
10.	Various Capital Improvements - 2005	$	250,000.00
11.	Various Capital Improvements - 2006	$	438.40
12.	Green Acres Improvements - 2007	$	190.00
13.	Various Capital Improvements - 2008	$	362,000.00
14.	Green Acres Project - 2008	$	1,050,000.00
15.	Various Capital Improvements - 2008	$	20,360,000.00
16.	Various Capital Improvements - 2009	$	5,210,000.00
17.	830 Bergen Acquisition	$	1,968,749.98
18.	Various Capital Improvement - 2011	$	1,111,500.00
19.	Various Capital Improvements - 2012	$	1,090,476.00
20.	Various Capital Improvements - 2012	$	28,267,156.00
21.	Hurricane Sandy Ordinance - 2012	$	134,855.72
22.	Various 2013 Road & Bridge Improvements	$	2,357,142.00
23.	FY 2013 Capital Improvements	$	31,139,000.00
24.	HCST 2014-2015 Capital Improvements	$	-
25.	2014 Various Road & Bridge Improvements	$	1,495,500.00
26.	Property Acquisition 2015	$	50,507,000.00
27.	HCST Various Improvements - 2015	$	10,000,000.00
28.	Road & Bridge Improvements - 2015	$	1,301,352.00
29.	FY 2016 HCCC Chapter 12	$	-
30.	FY 2015 Various Capital Improvements	$	42,746,824.00
31.	14th Street Viaduct	$	18,234,790.46
32.	2016 Road and Bridge Projects	$	1,560,000.00
33.	2016 HCST Improvements	$	8,000,000.00
34.	2017 Chapter 12 HCCC	$	3,100,000.00
		$	230,759,534.06

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR THE NEXT TWENTY YEARS FOR GENERAL BONDED DEBT ISSUED AND OUTSTANDING*

Calendar Year	Principal	Interest	Total Debt Service
2017	24,026,019.20	11,215,701.57	35,241,720.77
2018	25,559,428.36	10,905,862.74	36,465,291.10
2019	25,426,693.76	9,956,144.71	35,382,838.47
2020	26,509,325.59	8,982,940.73	35,492,266.32
2021	27,350,425.29	7,874,528.32	35,224,953.61
2022	18,875,556.23	6,727,539.01	25,603,095.24
2023	19,430,152.72	5,930,184.18	25,360,336.90
2024	19,943,593.19	5,107,175.54	25,050,768.73
2025	19,338,662.15	4,292,973.18	23,631,635.33
2026	17,197,673.96	3,515,697.42	20,713,371.38
2027	17,463,974.15	2,879,321.87	20,343,296.02
2028	15,656,604.21	2,230,981.07	17,887,585.28
2029	13,657,413.63	1,613,790.10	15,271,203.73
2030	13,542,211.45	1,061,399.63	14,603,611.08
2031	9,649,182.97	530,254.42	10,179,437.39
2032	2,952,954.18	195,251.78	3,148,205.96
2033	1,225,401.32	106,447.14	1,331,848.46
2034	705,000.00	66,880.63	771,880.63
2035	720,000.00	38,665.00	758,665.00
2036	346,000.00	16,002.50	362,002.50

* Excludes debt service on the County's Certificates of Participation, Lease Revenue Bond Issues and Merrill Lynch Redevelopment Project.

Source: County of Hudson, Department of Finance and Administration.

SCHEDULE OF ANNUAL LOAN PAYMENTS FOR PRINCIPAL AND INTEREST FOR THE NEXT SEVENTEEN YEARS FOR GREEN ACRES TRUST LOAN PROGRAMS

Calendar Year	Principal	Interest	Total Loan Payment
2017	262,894.20	62,525.00	325,419.20
2018	268,178.36	57,240.83	325,419.19
2019	273,568.76	51,850.45	325,419.21
2020	258,700.59	46,351.71	305,052.30
2021	224,175.29	41,450.80	265,626.09
2022	228,681.23	36,944.87	265,626.10
2023	233,277.72	32,348.42	265,626.14
2024	221,093.19	27,743.46	248,836.65
2025	225,537.15	23,299.48	248,836.63
2026	198,923.96	18,921.15	217,845.11
2027	130,849.15	15,281.35	146,130.50
2028	133,479.21	12,651.29	146,130.50
2029	120,538.63	10,046.08	130,584.71
2030	122,961.45	7,623.25	130,584.70
2031	125,432.97	5,151.92	130,584.89
2032	127,954.18	2,630.53	130,584.71
2033	35,401.32	354.01	35,755.33

Source: County of Hudson, Department of Finance and Administration.

Bond Anticipation Notes

As of December 31, 2016, the County has $83,976,156 Bond Anticipation Notes outstanding that are due on December 14, 2017.

Hudson County Lease-Purchase Agreement

In connection with a State Superior Court ruling that ordered construction of a correctional facility within the County, the County entered into a lease-purchase agreement with Hudson County Funding Company, Inc. on November 1, 1988 to fund the construction of the facility. The term of the agreement was November 1, 1988 to December 1, 2021. Concurrent with the signing of the agreement with Hudson County Funding Company, Inc., the County arranged for the issuance of $104,500,000 in Certificates of Participation. The Certificates of Participation represented proportionate interests in the rental payments to be made by the County to Hudson County Funding Company, Inc. with interest payments commencing in 1989 and principal payments commencing in 1992.

The lease-purchase agreement was amended on July 1, 1990 with the term of the agreement becoming July 1, 1990 to December 1, 2021. Additional Certificates of Participation in the amount of $19,100,000 were concurrently issued with principal payments commencing in 1992 and interest payments commencing in 1990.

On April 1, 1992, the 1988 and 1990 Series Certificates of Participation were refunded and replaced with the issuance of 1992 Series Refunding Certificates of Participation in the amount of $135,635,000. The term of the 1992 Series Refunding Certificates of Participation was April 1, 1992 to December 1, 2021.

On September 1, 1998, the lease purchase agreement was amended and restated. As of May 15, 2002 and pursuant to the aforesaid amended and restated lease purchase agreement, the 1992 Series Refunding Certificates of Participation were refunded and replaced with the issuance of $118,915,000 Series 2002 Refunding Certificates of Participation. The term of the Series 2002 Refunding Certificates of Participation is May 15, 2002 to December 1, 2021.

The proceeds of the Series 2008 Certificates were issued to, among other things, currently refund $45,325,000 of the outstanding Series 2002 Refunding Certificates maturing June 1, 2017 through and including December 1, 2021.

Hudson County Lease-Purchase Agreement – Additional Project

In addition to the amended and restated lease-purchase agreement for the initial project described above, the County entered into a supplemental lease-purchase agreement with AGH Leasing, Inc. as of December 15, 2002 to fund the construction of a new dormitory housing facility, kitchen facility and related upgrades for the expansion (the “Additional Project”). In December 2003, the County directed the issuance of $25,220,000 Correctional Facility Certificates of Participation, Series 2002A (the “Series 2002A Certificates”) to fund the cost of the Additional Project. Principal payments commenced December 1, 2005 and continue annually through 2012 for the serial portion, and will then be applied annually from December 1, 2013 through 2021 for mandatory sinking fund payments. Interest is paid semiannually commencing June 1, 2005. Capitalized interest of $2,078,574.33 was paid upon issuance, covering the semiannual dates proceeding June 1, 2005.

$5,780,000 Series 2004 Certificates were issued on May 13, 2004 to finance the remaining costs of the Additional Project. The Lease Purchase Agreement with AGH Leasing, Inc. was accordingly amended and supplemented as of May 13, 2004. Principal payments commenced December 31, 2005 and continue annually through 2017 for the serial portion, and will then be applied annually from December 1, 2017 through 2021 for mandatory sinking fund payments. Interest is paid semiannually commencing December 1, 2005. Capitalized interest of $245,014.88 was paid upon issuance, covering the semiannual dates proceeding December 31, 2005.

$17,155,000 of refunding Certificates of Participation (COPs) were issued in August 2013 (the Series 2013 Certificates) to advance refund a portion of the originally issued $25,220,000 aggregate principal amount of COPs, Series 2002A in the form of term certificates maturing on December 1, 2021 and advance refund a portion of the originally issued $5,780,000 COPs, Series 2004 maturing on various dates through December 1, 2021.

The following is an analysis of correctional facility lease payments remaining to be paid by the County from 2017 through final maturity.

Year	Lease Payment	Principal	Interest
2017	13,421,700.00	9,935,000.00	3,486,700.00
2018	13,420,825.00	10,575,000.00	2,845,825.00
2019	13,427,625.00	11,270,000.00	2,157,625.00
2020	13,426,100.00	12,000,000.00	1,426,100.00
2021	13,420,550.00	12,800,000.00	620,550.00

Source: County of Hudson, Department of Finance and Administration.

FACILITY LEASE REVENUE BONDS

1992 Bonds

On December 1, 1992, the Hudson County Improvement Authority (the “Authority”) issued Facility Lease Revenue Bonds (Hudson County Lease Project, Series 1992) (the “1992 Bonds") in the aggregate principal amount of $112,700,000. The 1992 Bonds were issued to provide funds for (a) the costs of acquisition, construction, installation and equipping of (i) a 590 bed long-term facility to be located in the County; (ii) a 66 bed youth house facility; (iii) a police and fire training academy; and (iv) other public facilities to be provided to and used by the County, including County administrative offices (the facilities described in items (i) through (iv) are collectively referred to as the “1992 Facilities”) for lease to the County; (b) funding capitalized interest on the 1992 Bonds; and (c) the payment of costs of issuing the 1992 Bonds. In connection with the issuance of the 1992 Bonds by the Authority, the Authority and the County entered into a lease agreement providing for, among other things, the lease of the real property and the construction thereon of the 1992 Facilities by the Authority, and upon acquisition, construction, installation or equipping of the 1992 Facilities. Pursuant to the terms of the lease agreement, the County is required to make rental payments to the Authority in amounts sufficient to pay or provide for the payment of (i) the debt service on the 1992 Bonds; (ii) certain expenses of the Authority and Fiduciaries; and (iii) certain expenses incurred by the Authority and the County in connection with the 1992 Bonds.

Hospital Remediation Bonds

On December 17, 1992, the Authority issued its 1992 Bonds pursuant to the General Bond Resolution to finance the cost of the acquisition, improvement and construction of various public facilities located in the County to be used by the County (the “Facilities”), including a new 590 bed long-term care facility (the “New Hospital Facility”) in order to combine the operations at both the Meadowview Nursing Home Center and the B.S. Pollack Hospital operations at both the Meadowview Nursing Center and the B.S. Pollack Hospital (together, the “Hospitals”). The Hospitals were acquired and improved by the Authority with the proceeds of the 1992 Bonds and leased back to the County.

For various reasons, however, the County abandoned the construction of the New Hospital Facility and determined to transfer the operation and ultimately the ownership of the Hospitals to Progressive Health Care of Hudson County Inc. (“Progressive”), a private company, pursuant to a lease purchase agreement (the “Transfer Agreement”). Since the conveyance of the Hospitals to

Progressive pursuant to the Transfer Agreement would result in private use of the Hospitals, the Authority and the County submitted a request to the Internal Revenue Service ("IRS") for a ruling that such transfer would not cause the interest on the 1992 Bonds to be includible in gross income of the holders thereof.

In a Letter Ruling dated November 19, 1996 (the "Letter Ruling"), the IRS determined that in order to effectuate the transfer of the Hospitals to Progressive without adverse tax consequences, the Authority would be required to:

1. make a tender offer to holders of $26,735,000 of the 1992 Bonds (the "Attributed Bonds") not later than ninety (90) days after the closing of the transfer of the Hospitals at a price that will not be less than (a) the price at which the Attributed Bonds would be offered if they were defeased with United States Treasury Obligations to the earliest call date after the date of the transfer, including any redemption premium, plus (b) an additional premium designed so that a reasonable issuer under these circumstances would expect to purchase through the tender offer all of the Attributed Bonds for which the tender offer was made, assuming holders are reasonable persons motivated solely by economic factors; and

2. defease any of the Attributed Bonds for which the tender offer was made but which were not acquired in the tender offer with moneys other than tax-exempt bond proceeds, at a rate restricted to the yield on the 1992 Bonds, to the first call date (the tender and/or defeasance being hereinafter referred to as the "Defeasance and Retirement Plan").

On December 1, 1996, the Hospitals were transferred to Progressive and the ninety (90) day remediation period commenced. Therefore, in order to comply with the Letter Ruling, the Authority, on January 14, 1997, mailed an Invitation (the "Invitation") to all holders of the 1992 Bonds to tender, on a "first come first serve basis," their bonds at a tender price which was determined to satisfy the requirements of the Letter Ruling. The tender prices were determined by NW Financial Group, the Authority's and the County's financial advisor, as of the date of the Invitation. The Invitation expired on February 14, 1997 and the Authority received and accepted for purchase $21,360,000 of the Attributed Bonds (the "Tendered Bonds"). The Chair of the Local Finance Board approved the acceptance of the Tendered Bonds. The Authority has defeased the balance ($5,375,000 aggregate principal amount) of the Attributed Bonds (the "Defeased Bonds").

On March 13, 2002, by Resolution 153-3-2002, the Board of Chosen Freeholders for the County (the "Board") approved of and authorized the sale of the Meadowview Nursing Center to Secaucus Realty Holding, L.L.C., a subsidiary of Omni Asset Management, L.L.C. (the "Borrower").

As part of that sale, the Hudson County Improvement Authority agreed to accept payment of the sale price of $10,000,000 in May 2006 (the "Loan").

To evidence the indebtedness and to secure payment thereof, the Borrower on November 5, 2002 executed a mortgage note (the "Original Note") obligating the Borrower to repay $10,000,000, without interest, on or before May 5, 2006.

The Borrower made a prepayment on the Original Note in the amount of $250,000. In consideration for that prepayment, and recognizing the time value of money, the Original Note securing the indebtedness was reduced to a current principal amount of $9,700,000.

On March 19, 2009, Secaucus Realty Holding, L.L.C. paid off the remaining outstanding mortgage.

Advance Refunding Bonds

On August 1, 1998, the Authority issued $91,575,000 aggregate principal amount of Facility Lease Revenue Refunding Bonds, Series 1998 (the "1998 Bonds") to advance refund all of the Authority's outstanding $85,635,000 1992 Bonds and to pay the costs of issuance of the 1998 Bonds.

In November of 2010, Refunding Bonds in the amount of $65,900,000 (Series 2010 Bonds) were issued to currently refund the outstanding Series 1998 Bonds.

The following is an analysis of the combined lease payments remaining to be paid by the County through final maturity:

Year	Lease Payment*	Principal	Interest
2017	8,957,259	5,415,000	3,542,259
2018	8,954,934	5,705,000	3,249,934
2019	8,961,184	6,020,000	2,941,184
2020	8,959,689	6,345,000	2,614,689
2021	8,960,334	6,720,000	2,240,334
2022	8,958,393	7,115,000	1,843,393
2023	8,952,588	7,530,000	1,422,588
2024	8,956,641	7,980,000	976,641
2025	8,958,470	8,455,000	503,470

* In addition there is an administration fee payable to the Authority that is based on 1/10 of 1% of outstanding principal.
Source: County of Hudson, Department of Finance and Administration.

J.P. Morgan Securities LLC, successor to Bear, Stearns & Co., Inc. (the "Underwriter") entered into a Forward Bond Purchase Contract on March 12, 2004 (the "Purchase Contract") between the Authority and the Underwriter pursuant to which the Underwriter paid a fee (an "Upfront Fee") to the Authority for the acquisition of an option to cause the Authority to issue and sell the Series 2010 Bonds to the Underwriter for a Purchase Price equal to (i) the amount necessary to pay the principal of, and the redemption premium, if any, on the 1998 Bonds, (ii) an additional payment of $1,842,841.16 and (iii) certain costs of issuance, including the premium on the Policy (as defined in the body of the Preliminary Official Statement).

County Services Building Project (County Plaza)

On April 1, 2005, the Authority issued $29,505,000 aggregate principal amount of its County Secured Lease Revenue Bonds, Series 2005 (County Services Building Project), to provide funds to (a) acquire real property that consists of a seven story building with approximately 340,000 square feet of space located on 9.67 acres of land at 257 Cornelison Avenue in Jersey City, (b) acquire, renovate and improve real property that consists of 2.85 acres of land at 180 Baldwin Avenue in Jersey City, (c) pay twelve months capitalized interest on such bonds, (d) establish a bond reserve fund pursuant to resolution adopted by the Authority and (e) pay the costs and expenses associated with the issuance of such bonds. Further, the County shall contribute $7,700,000 toward the acquisition and renovation of the facilities described in (a) and (b) above. Pursuant to the provisions of a Lease Agreement dated as of April 1, 2005 by and between the Authority and the County, as amended and supplemented, the County shall make lease payments to the Authority. These payments under the Lease Agreement are sufficient to pay the principal of and interest on the bonds when scheduled. The County's payment obligation under the Lease Agreement is a general obligation. Capitalized interest paid upon issuance covered September 1, 2005 through March 1, 2007 interest requirements.

On July 11, 2007 the Authority issued an additional $27,490,000 principal amount of its County Secured Lease Revenue Bonds, Series 2007 (County Services Building Completion Project) to provide additional funds to complete the renovation of the real property. The Authority and the County entered into an amended Lease Agreement whereby the County will make additional lease payments to the Authority. Capitalized interest covered September 1, 2007 through a portion of September, 2008.

In January of 2013, $25,460,000 of Refunding Bonds (Series 2013 Bonds) were issued to advance refund a portion of the outstanding Series 2005 Lease Revenue Bonds maturing on various dates through 2035. On September 14 of 2016, $4,925,000 of Refunding Bonds were issued to advance refund a portion of the outstanding County Secured Lease Revenue Bonds, Series 2007.

The following are the combined lease payments to be paid by the County from 2017 through final maturity.

Year	Lease Payment*	Principal	Interest
2017	**3,662,869.58**	**1,620,000.00**	**2,042,869.58**
2018	**3,684,775.00**	**1,710,000.00**	**1,974,775.00**
2019	**3,680,700.00**	**1,780,000.00**	**1,900,700.00**
2020	**3,679,200.00**	**1,865,000.00**	**1,814,200.00**
2021	**3,668,825.00**	**1,950,000.00**	**1,718,825.00**
2022	**3,668,825.00**	**2,050,000.00**	**1,618,825.00**
2023	**3,668,700.00**	**2,155,000.00**	**1,513,700.00**
2024	**3,658,450.00**	**2,255,000.00**	**1,403,450.00**
2025	**3,657,825.00**	**2,370,000.00**	**1,287,825.00**
2026	**3,668,325.00**	**2,490,000.00**	**1,178,325.00**
2027	**3,653,350.00**	**2,570,000.00**	**1,083,350.00**
2028	**3,662,125.00**	**2,670,000.00**	**992,125.00**
2029	**3,661,712.50**	**2,760,000.00**	**901,712.50**
2030	**3,651,750.00**	**2,840,000.00**	**811,750.00**
2031	**3,651,312.50**	**2,935,000.00**	**716,312.50**

2032	**3,650,831.25**	**3,035,000.00**	**615,831.25**
2033	**5,228,543.75**	**4,765,000.00**	**463,543.75**
2034	**5,228,481.25**	**4,955,000.00**	**273,481.25**
2035	**5,232,306.25**	**5,140,000.00**	**92,306.25**

Source: County of Hudson, Department of Finance and Administration.

Lincoln Park Golf Course Project

In June, 2011, the Authority issued County-Guaranteed Lease Revenue Bonds, Series 2011 (Lincoln Park Golf Project). The Authority has leased the Project Site from the County in exchange for a lump rent payment equivalent to net bond proceeds pursuant to a lease agreement. Also pursuant to the Lease Agreement, which will be coterminous with the term of the Bonds, the County will lease the Project Site back from the Authority for a stream of rent payments that will be sufficient to pay debt service on the Bonds (the "Lease Payments"). The Lease Payments and debt service are structured to pace the anticipated revenues from the facility, which are anticipated to increase over the life of the Bonds. This stream of Lease Payments will secure the Bonds, which will be further secured by a guaranty of the County.

The following is a schedule of the remaining lease payments on the Bonds through maturity.

Year	Lease Payment	Principal	Interest
2017	772,873.76	200,000.00	572,873.76
2018	806,773.76	240,000.00	566,773.76
2019	804,192.51	245,000.00	559,192.51
2020	805,908.13	255,000.00	550,908.13
2021	806,801.88	265,000.00	541,801.88
2022	806,842.51	275,000.00	531,842.51
2023	835,386.26	315,000.00	520,386.26
2024	837,486.26	330,000.00	507,486.26
2025	838,813.76	345,000.00	493,813.76
2026	834,286.26	355,000.00	479,286.26
2027	833,876.26	370,000.00	463,876.26
2028	876,461.26	430,000.00	446,461.26
2029	876,876.26	450,000.00	426,876.26
2030	875,941.26	470,000.00	405,941.26
2031	878,684.38	495,000.00	383,684.38
2032	875,006.25	515,000.00	360,006.25
2033	918,150.00	585,000.00	333,150.00
2034	918,150.00	615,000.00	303,150.00
2035	916,650.00	645,000.00	271,650.00
2036	918,525.00	680,000.00	238,525.00
2037	918,650.00	715,000.00	203,650.00
2038	960,900.00	795,000.00	165,900.00
2039	958,062.50	835,000.00	123,062.50
2040	960,762.50	885,000.00	75,762.50
2041	960,712.50	935,000.00	25,712.50

Source: County of Hudson, Department of Finance and Administration.

THE COUNTY VOCATIONAL-TECHNICAL SCHOOLS PROJECT

The Bonds are being issued to provide funds to (a) finance the design, construction and equipping of the School, including Site work and athletic facilities, (b) pay capitalized interest on the Bonds to and including May 1, 2018, (c) fund a Bond Reserve Requirement for the Bonds (as defined herein) and (d) pay certain costs of issuance of the Bonds.

The School will be constructed on an approximate 20-acre site owned by the County and located in the Laurel Hill section of the Meadowlands in the Town of Secaucus within the County (the “Site”), and will replace HCST’s older and outdated school facility located in the Township of North Bergen within the County.

The School will be a three story facility, situate over an enclosed parking garage, with approximately 340,000 square feet of educational and related administrative space. The New Jersey Department of Education (“NJDOE”) has approved the School for a functional capacity of 1,500 grades 9-12 students.

There will be three classroom wings within the School, consisting of 34 academic classrooms, 15 science classrooms, 9 media classrooms, 4 vocational workshops, 8 digital media classrooms, a dance studio, 2 art studios, 3 music studios and rehearsal rooms, 2 culinary arts classrooms, a TV production studio, a fabrication lab, a black box theater, an auditorium with a stage, a cafeteria, a media center, a weight room and related fitness rooms, a yoga room, a judo room, a cross-fit room, and a gymnasium.

Legal Authorization for School Construction and Financing Structure

Pursuant to Section 7G-5a of the Education Law (N.J.S.A. Title 18A) (the “County Vocational School District School Construction Law”), boards of education of county vocational school districts may request applicable county improvement authorities to (i) construct county vocational school district school facilities projects and (ii) issue their bonds to finance such projects, and any annual State Debt Service Aid awarded by NJDOE to any such projects shall be paid on such county improvement authority bonds. Additionally, county improvement authorities are permitted to undertake such projects via a “design-build contract” process, and are generally exempt from otherwise applicable State public bidding laws and regulations, for so long as such authorities comply with all other applicable statutory and regulatory requirements relating to public school design and construction, and procure all required NJDOE approvals in connection therewith.

The HCST Board of Education has requested the Authority to undertake the School project on a “design-build contract” basis on its behalf in accordance with the requirements of the County Vocational School District School Construction Law, and the Authority has agreed to do so.

1. The County, as the owner of the Site, will enter into a 75-year, Ground Lease Agreement, dated as of May 1, 2016, with HCST, under which the County will lease the Site to HCST (the “75-Year Ground Lease Agreement”).

2. HCST, as the lessee of the Site, will enter into a 35-year, Ground Sublease Agreement, dated as of May 1, 2016, with the Authority, under which HCST will sublease the Site to the Authority, and the Authority will undertake the School design/build process (the "35-Year Ground Sublease Agreement").

3. The Authority, as the sub lessee of the Site, will enter into a 35-year, Ground Sublease and School Facilities Lease Agreement, dated as of May 1, 2016, with the County, under which the Authority will sublease the Site and lease the School to the County (the "Lease Agreement"). The County's unconditional obligation to timely make all Basic Rent payments under the Lease Agreement is the principal security for the Bonds. See "SECURITY AND SOURCE OF PAYMENT" herein.

4. The County, as a second sub lessee of the Site, will enter into a 35-year, Ground and School Facilities Sublease Agreement, dated as of May 1, 2016, with HCST, under which the County will sublease the Site and School to HCST, and HCST will operate the School (the "35-Year Ground and School Facilities Sublease Agreement").

5. The terms of the 35-Year Ground Sublease Agreement, Lease Agreement and 35-Year Ground and School Facilities Sublease Agreement (collectively, the "35-Year Leases") are coterminous with the term of the Bonds. Upon expiration of such 35-Year Leases, the County shall be the fee owner of the Site and the School, and shall continue to lease same to HCST for the remainder of the term of the 75-Year Ground Lease Agreement.

State Debt Service Aid Awarded to County for School

NJDOE has issued a "Final Eligible Costs Letter" (the "FEC Letter") to HCST, setting forth the awarded State Aid to the County for the construction of the School. Such FEC Letter (i) approved $147,275,002 in "final aid eligible costs" for the School (the "DSA Eligible Costs"), and (ii) awarded 59% in annual State debt service aid ("DSA") for such DSA Eligible Costs.

The following is a schedule of the lease payments on the HCIA Vo-Tech County Secured Lease Revenue Bonds through maturity.

Year	Lease Payment	Principal	Interest
2017	0.00	0.00	0.00
2018	4,018,900.00	0.00	4,018,900.00
2019	9,978,200.00	1,980,000.00	7,998,200.00
2020	9,981,725.00	2,075,000.00	7,906,725.00
2021	9,980,350.00	2,180,000.00	7,800,350.00
2022	9,978,600.00	2,290,000.00	7,688,600.00
2023	9,981,100.00	2,410,000.00	7,571,100.00
2024	9,977,600.00	2,530,000.00	7,447,600.00
2025	9,977,850.00	2,660,000.00	7,317,850.00
2026	9,981,350.00	2,800,000.00	7,181,350.00
2027	9,979,987.50	2,935,000.00	7,044,987.50
2028	9,976,750.00	3,075,000.00	6,901,750.00
2029	9,979,000.00	3,235,000.00	6,744,000.00
2030	9,980,575.00	3,390,000.00	6,590,575.00
2031	9,981,250.00	3,545,000.00	6,436,250.00
2032	9,981,475.00	3,720,000.00	6,261,475.00
2033	9,980,725.00	3,910,000.00	6,070,725.00
2034	9,980,225.00	4,110,000.00	5,870,225.00
2035	9,979,475.00	4,320,000.00	5,659,475.00
2036	9,977,975.00	4,540,000.00	5,437,975.00
2037	9,980,100.00	4,775,000.00	5,205,100.00
2038	9,980,225.00	5,020,000.00	4,960,225.00
2039	9,977,850.00	5,275,000.00	4,702,850.00
2040	9,977,350.00	5,545,000.00	4,432,350.00
2041	9,977,975.00	5,830,000.00	4,147,975.00
2042	9,978,975.00	6,130,000.00	3,848,975.00
2043	9,979,600.00	6,445,000.00	3,534,600.00
2044	9,979,100.00	6,775,000.00	3,204,100.00
2045	9,976,725.00	7,120,000.00	2,856,725.00
2046	9,981,475.00	7,490,000.00	2,491,475.00
2047	9,977,375.00	7,880,000.00	2,097,375.00
2048	9,977,518.75	8,305,000.00	1,672,518.75
2049	9,979,693.75	8,755,000.00	1,224,693.75
2050	9,977,718.75	9,225,000.00	752,718.75
2051	9,980,281.25	9,725,000.00	255,281.25

Source: County of Hudson, Department of Finance and Administration.

Hudson County Command Center Project
General Obligation Recovery Zone Economic Development Bonds

On December 22, 2010, the County, through the Hudson County Improvement Authority, issued $20,700,000 aggregate principal amount of General Obligation Recovery Zone Economic Development Bonds (Hudson County Command Center) to provide funds to (a) finance the acquisition of an existing warehouse building (the Command Center) located to Kearny, New Jersey, for use by the County as a storage space and a Command Center for the County's Office of Emergency Management, storage space and a Command Center for the County Correctional Center and an archive record storage facility for the Hudson County Prosecutor's Office and (b) pay costs of issuance associated with Project and the Bonds.

Recovery Zone Economic Development Bonds ("Economic Development Bonds") are a type of taxable Build America Bond. These bonds must be used in designated "recovery zones" to finance projects with a "qualified economic development purpose", including financing capital expenditures paid or incurred with respect to property located in a recovery zone, expenditures for public infrastructure and construction of public facilities and expenditures for job training and educational programs. The key feature of Economic Development Bonds is the ability of the issuer to receive an interest subsidy payment from the U.S. Treasury equal to 45% of the interest payments on the bonds. The interest subsidy payment effectively lowers the interest costs of the issuer.

The following is the debt service schedule associated with these bonds. The debt shown on this schedule is gross and does not include the interest subsidy payments expected from the U.S. Treasury.

Hudson County Improvement Authority
$20,700,000 Federally Taxable Recovery Zone Economic Development Bonds

Year	Principal	Coupon	Interest	Total Debt Service
2017	1,300,000	4.790%	1,221,722	2,521,722
2018	1,400,000	5.266%	1,159,452	2,559,452
2019	1,400,000	5.416%	1,085,728	2,485,728
2020	1,400,000	5.616%	1,009,904	2,409,904
2021	1,400,000	5.816%	931,280	2,331,280
2022	1,400,000	6.516%	849,856	2,249,856
2023	1,400,000	6.516%	758,632	2,158,632
2024	1,400,000	6.516%	667,408	2,067,408
2025	1,400,000	6.928%	576,184	1,976,184
2026	1,400,000	6.928%	484,960	1,884,960
2027	1,400,000	6.928%	387,968	1,787,968
2028	1,400,000	6.928%	290,976	1,690,976
2029	1,400,000	6.928%	193,984	1,593,984
2030	1,400,000	6.928%	48,496	1,448,496

Source: County of Hudson, Department of Finance and Administration.

Pension Benefits

All eligible County employees participate in the Public Employees' Retirement System ("PERS"), the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System ("PFRS") of New Jersey. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds and charges municipalities and counties annually for their respective contributions. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The County is ultimately liable for funding of the pension plans by increases in future billings from the State. Information as to the comparison of the actuarially computed values of vested benefits with the systems' assets is not available from the State Division of Pensions and, therefore, is not presented. The following is a comparative schedule of combined contributions for the five year period:

	2017	2016	2015	2014	2013
Contributory Plans					
Public Employees' Retirement System	$ 12,757,605.76	$11,626,939.88	$10,824,160.09	$10,745,777.77	$ 10,010,351.00
Consolidated Police & Fireman's Retirement Fund	45,000.00	36,692.00	60,554.16	56,805.18	68,503.90
Police & Fireman's Retirement System	12,359,525.91	12,751,037.01	12,466,412.50	12,106,521.35	11,990,542.00
Defined Contribution Retirement Program	65,000	48,598.89	39,219.27	28,945.21	6,984.39
Total	$ 25,227,131.67	$ 24,463,267.78	$ 23,390,346.02	$ 22,938,049.51	$21,404,426.23

Source: County of Hudson, Department of Finance and Administration.

On March 15, 2003, the County issued $5,040,000 Pension Refunding Bonds.

In accordance with law, the County adopted early retirement incentive programs for eligible employees covered by PFRS and the PERS. As a result of the employees' early retirements, the County created unfunded accrued liabilities to the PFRS and the PERS (collectively, the "Pension Liabilities"). Such Pension Liabilities are paid by the County annually out of the County's general fund. The annual payments extend through fiscal year 2021.

The Early Retirement Refinancing Act, P.L. 2002, c. 42, permits municipalities and school districts to issue bonds to fund the cost of retiring the present value of the unfunded accrued + liability due and owing for early retirement incentive benefits.

The proceeds of the Bonds will be used by the County to (i) pay the present value of the Pension Liabilities, and (ii) pay the cost of issuance of the Bonds.

The County also administers several contributory pension plans which are closed to new memberships. Following is a comparative schedule of combined contributions for the four-year period:

	2017	2016	2015	2014
Hudson County Employee's Pension Fund	$ 1,525,000.00	$ 1,525,000.00	$ 1,525,000.00	$ 1,525,500.00
Court Attendants' Pension Fund	420,000.00	485,000.00*	515,000.00	535,000.00
Total	$ 1,945,000.00	$ 2,010,000.00	$ 2,040,000.00	$ 2,060,000.00

Source: County of Hudson, Department of Finance and Administration.

The County also awards non-contributory pensions by resolution of the Board of Chosen Freeholders for certain veterans and County employees who were not eligible to join other pension plans. Following is a comparative schedule of combined contributions for the four-year period:

	2017	2016	2015	2014
Non-Contributory Pension Fund	$ 2,520,000.00	$ 2,583,000.00	$ 2,787,600.00	$2,491,087.28
Veterans' Pension Fund	100.00	-	-	-
Total	$ 2,520,100.00	$ 2,583,000.00	$ 2,787,600.00	$2,491,087.28

Source: County of Hudson, Department of Finance and Administration.

Health Benefits

Pursuant to Chapter 78, P.L. 2011, the Pension and Benefit Reform Law, the majority of County employees as of July 1, 2015 are contributing at YEAR 4 of the required salary contribution schedule based on the level of insurance coverage and salary. Effective January 1, 2016, all County employees are contributing at YEAR 4.

Annual Audit

The entire annual audit report for the year ended December 31, 2015 is on file with the Clerk of the Board of Freeholders and is available for review during business hours.

APPENDIX B

AUDIT REPORT OF THE COUNTY FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2016 AND 2015

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COUNTY OF HUDSON
NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

COUNTY OF HUDSON
REPORT OF AUDIT
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DECEMBER 31, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

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Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Members
of the Board of Chosen Freeholders
County of Hudson, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the County of Hudson, New Jersey (the "County"), which comprise the comparative balance sheet – regulatory basis, of each fund and General Fixed Assets as of December 31, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund and Affordable Housing Utility Fund, and the related statement of changes in Fund Balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2016 and 2015, and the changes in its financial position for the years then ended.

Unmodified Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and General Fixed Assets of the County as of December 31, 2016 and 2015, the respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis of the Current Fund and Affordable Housing Utility Fund, the changes in fund balance – regulatory basis of the General Capital Fund, for the years then ended, in accordance with the financial reporting provisions of the Division as described in Note A.

Other Matters

Management's Discussion and Analysis

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

DGDT

DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants

Mark Bednarz

MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
September 27, 2017

COUNTY OF HUDSON
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Current Fund:		
Cash and Cash Equivalents	$ 141,169,779.31	$ 115,408,265.93
Cash - Change Funds	200.00	200.00
	141,169,979.31	115,408,465.93
Intergovernmental Receivables:		
Recovery Zone Bond Subsidy	260,000.00	240,000.00
Receivables and Other Assets with Full Reserves:		
Added and Omitted Taxes	3,118,006.24	2,282,814.64
Interfunds	59,798.68	-
Security Deposits	2,500.00	2,500.00
	3,180,304.92	2,285,314.64
Total Current Fund	144,610,284.23	117,933,780.57
Federal and State Grant Fund:		
Cash and Cash Equivalents	8,018,978.81	7,237,677.19
Federal and State Grants Receivable	46,634,089.41	42,287,805.79
Total Federal and State Grant Fund	54,653,068.22	49,525,482.98
Total Assets	$ 199,263,352.45	$ 167,459,263.55

COUNTY OF HUDSON
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Liabilities, Reserves and Fund Balance		
Current Fund:		
Liabilities		
Appropriation Reserves	$ 12,512,610.05	$ 13,183,885.81
Encumbrances Payable	27,166,428.17	27,494,756.53
Prepaid Revenues	1,583,064.91	536,337.10
Contracts and Commitments Payable	54,799,522.82	38,547,956.67
Due to State of New Jersey	-	1,914,151.79
Miscellaneous Payables	4,793.38	4,793.38
Reserve for:		
Compensated Absences	4,423,259.46	4,423,259.46
Tax Rebate on Capital Investments	2,450,000.00	2,450,000.00
Unclaimed Property	312,890.09	312,890.09
HCST Summer Youth Program	86,331.55	104,031.55
County College (EFA) Interest	33,652.40	33,652.40
	103,372,552.83	89,005,714.78
Reserve for Receivable and Other Assets	3,180,304.92	2,285,314.64
Fund Balance	38,057,426.48	26,642,751.15
Total Current Fund	144,610,284.23	117,933,780.57
Federal and State Grant Fund:		
Reserve for Federal and State Grants		
Appropriated	36,870,272.24	29,963,450.20
Encumbered	17,691,465.57	19,500,668.74
Unappropriated	91,330.41	61,364.04
Total Federal and State Grant Fund	54,653,068.22	49,525,482.98
Total Liabilities, Reserves and Fund Balance	$ 199,263,352.45	$ 167,459,263.55

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	2016	2015
Revenue and Other Income Realized		
Fund Balance Utilized	$ 23,500,000.00	$ 24,000,000.00
Miscellaneous Revenue Realized	209,652,445.07	192,773,120.07
Receipts from Current Taxes	337,343,753.11	323,743,753.11
Non-Budget Revenue	11,535,376.99	11,383,381.31
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,517,361.20	11,429,221.07
Reserves for Federal and State Grants Canceled	-	50,000.00
Trust Fund Cancellations	59,798.68	-
Contracts and Commitments Canceled	1,185,648.35	905,498.88
Forfeited Bail	273,065.86	170,887.50
	585,067,449.26	564,455,861.94
Expenditures		
Budget Appropriations:		
Operations		
Salaries and Wages	174,777,538.00	172,787,645.00
Other Expenses	265,511,485.62	258,383,438.24
Capital Improvements	30,184,011.52	33,178,598.98
Debt Service	36,271,797.87	33,359,282.03
Deferred Charges	515,460.28	540,589.09
Statutory Expenditures	42,347,768.89	41,129,172.59
	549,608,062.18	539,378,725.93
Interfund	59,798.68	-
Refund of Prior Year Revenue	484,913.07	-
	550,152,773.93	539,378,725.93
Statutory Excess to Fund Balance	34,914,675.33	25,077,136.01
Fund Balance, January 1	26,642,751.15	25,565,615.14
	61,557,426.48	50,642,751.15
Decreased by:		
Utilization as Anticipated Revenue	23,500,000.00	24,000,000.00
Fund Balance, December 31	$ 38,057,426.48	$ 26,642,751.15

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
SURPLUS	$ 23,500,000.00	$ -	$ 23,500,000.00	$ -
MISCELLANEOUS REVENUES				
LOCAL REVENUES				
County Clerk	120,000.00	-	121,629.24	1,629.24
Register of Deeds and Mortgages	7,700,000.00	-	9,209,396.18	1,509,396.18
Surrogate	225,000.00	-	218,682.02	(6,317.98)
Sheriff	1,950,000.00	-	5,177,197.82	3,227,197.82
Interest on Investments and Deposits	400,000.00	-	535,453.71	135,453.71
Mental Hospital	17,956,341.00	-	22,107,369.29	4,151,028.29
Intoxicated Driver Resource Center Fees	250,000.00	-	257,720.00	7,720.00
NJ School Building Aid	95,000.00	-	96,033.00	1,033.00
Parks & Recreation	155,000.73	-	2,000.00	(153,000.73)
Title IV-D, Social Security Act - Child Support Program	750,000.00	-	1,528,819.74	778,819.74
Federal & State Contracts - Indirect Cost Allocation	5,000,000.00	-	5,000,000.00	-
Maintenance of:				
State Prisoners in County Institutions	150,000.00	-	90,761.60	(59,238.40)
Federal and ICE Inmates in County Institutions	18,087,575.00	-	18,555,631.33	468,056.33
Reserve to Pay Bonds	92,202.00	-	92,202.00	-
Youth House Lunch Reimbursement	25,000.00	-	-	(25,000.00)
Telephone Commissions	550,000.00	-	327,165.90	(222,834.10)
	53,506,118.73	-	63,320,061.83	9,813,943.10
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
County College Bonds (NJSA 18A:64A-22.6)	3,524,924.66	-	3,527,735.00	2,810.34
STATE ASSUMPTION OF COSTS OF COUNTY SOCIAL AND WELFARE SERVICES AND PSYCHIATRIC FACILITIES				
Social And Welfare Services (C.66. P.L. 1990):				
Division of Youth and Family Services	6,091,917.00	-		(6,091,917.00)
Supplemental Social Security Income	1,608,110.00	-	1,667,392.00	59,282.00
Psychiatric Facilities (C.73,P.L. 1990):				
Maintenance of Patients in State Institutions				
for Mental Diseases	9,811,600.00	-	9,811,600.00	-
for Mentally Retarded	25,489,393.00	-	25,489,393.00	-
Board of County Patients in State and Other Institutions	13,076.00	-	10,936.92	(2,139.08)
Division of Developmental Disabilities, Assessment Program	18,158.00	-	122,777.43	104,619.43
	43,032,254.00	-	37,102,099.35	(5,930,154.65)

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
MISCELLANEOUS REVENUES (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS				
Council on the Arts, Local Arts Program	$ 106,343.00	$ -	$ 106,343.00	$ -
NJ Destination Marketing Organizations	124,360.00	-	124,360.00	-
Area Plan Grant	4,440,151.00	1,824,504.00	6,264,655.00	-
Comprehensive Alcoholism and Drug Abuse	993,913.00	-	993,913.00	-
TB Health Services Grant	-	528,321.00	528,321.00	-
TB Health State Supplemental	-	35,000.00	35,000.00	-
Youth Incentive Program Award	-	44,551.00	44,551.00	-
Workforce Investment Act	-	2,941,167.00	2,941,167.00	-
Prosecutor Insurance Fraud Reimb. Program	-	250,000.00	250,000.00	-
HC Safe Communities Grant	62,000.00	-	62,000.00	-
Juvenile Detention Alternatives Initiative	-	123,633.00	123,633.00	-
NJ Transit Corp. Senior Citizen and Disabled Resident Transportation Assistance Act	1,033,683.00	123,983.27	1,157,666.27	-
HIV Emergency Relief Formula Grant	2,500,759.00	636,731.00	3,137,490.00	-
HIV Emergency Relief Supplemental Grant	-	1,621,717.00	1,621,717.00	-
Minority AIDS Initiative Program	377,889.00	93,995.00	471,884.00	-
Homeless and Family Shelter Strategy Grant	-	1,993,379.00	1,993,379.00	-
Human Services Advisory Council	-	82,356.00	82,356.00	-
Workfirst NJ DFD	-	476,399.00	476,399.00	-
Work First NJ DOL	-	6,442,250.00	6,442,250.00	-
Work First NJ DOL - Supplemental	-	68,000.00	68,000.00	-
Social Services for the Homeless	1,887.00	-	1,887.00	-
Community Programs for Clients of Family Court	307,803.00	-	307,803.00	-
Supportive Assist. for Individuals and Families Prog.	-	756,583.00	756,583.00	-
Clean Communities Grant	-	21,591.43	21,591.43	-
Juvenile Justice Commission - State/Community Partnership Grant	842,354.00	-	842,354.00	-
Megan's Law	450.00	17,563.00	18,013.00	-
HC Schools of Tech. - Summer Youth Programs	-	33,700.00	33,700.00	-
Body Armor Replacement Fund	-	64,054.91	64,054.91	-
Pedestrian Safety	-	16,000.00	16,000.00	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-
Subregional Transportation Planning Grant	-	113,296.00	113,296.00	-
Alliance to Prevent Alcoholism and Drug Abuse	-	608,898.00	608,898.00	-
Emergency Management Assistance Grant	55,000.00	-	55,000.00	-
Crime Victims Assistance Program	-	364,323.00	364,323.00	-
State Homeland Security Grant	-	615,239.01	615,239.01	-
Urban Areas Security Initiative	-	357,500.00	357,500.00	-
Edward Byrne Memorial Justice Assistance Grant	-	259,578.00	259,578.00	-
Detention Exercise Equipment for Facility Enhancements	124,850.00	-	124,850.00	-
LEAP Linking to Employment Activities for Prerelease	-	500,000.00	500,000.00	-
COPS Grant	-	1,500,000.00	1,500,000.00	-
State Health Insurance Assistance Program (SHIP)	-	26,500.00	26,500.00	-
	10,971,442.00	22,550,812.62	33,522,254.62	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
MISCELLANEOUS REVENUES (continued)				
OTHER SPECIAL ITEMS				
Open Space Tax Debt Service	$ 1,124,911.26	$ -	$ 1,124,911.26	$ -
Division of Social Services (Welfare)	47,492,163.00	-	49,055,344.58	1,563,181.58
Added and Omitted Taxes	2,352,693.90	-	2,352,693.90	-
County Clerk, P.L. 2001 C. 370	48,000.00	-	47,300.26	(699.74)
Register of Deeds and Mortgages, P.L. 2001 C. 370	1,900,000.00	-	2,302,349.04	402,349.04
Surrogate, P.L. 2001 C. 370	200,000.00	-	193,925.57	(6,074.43)
Sheriff, P.L. 2001 C. 370	1,250,000.00	-	3,310,011.72	2,060,011.72
State of NJ - Lease of Court Space	200,000.00	-	226,152.00	26,152.00
NJ Superior Court - Service Agreements	525,000.00	-	437,859.21	(87,140.79)
Dedicated Revenue - Motor Vehicle Fines Reimb. of Previous Year Expenditures (N.J.S.A. 39:5.41)	4,500,000.00	-	4,500,000.00	-
County Prosecutor Funding Initiative - Pilot Program	802,500.00	-	802,500.00	-
Maintenance of Federal and ICE Inmates in County Institutions	3,191,925.00	-	3,274,523.17	82,598.17
Meadowview Campus-Treatment Leases	665,000.00	-	563,362.96	(101,637.04)
PILOT Payments, County Share (NJSA 40A:20-1 et.)	3,400,000.00	-	3,451,721.60	51,721.60
ARRA Recovery Zone Bonds Subsidy	553,680.90	-	537,639.00	(16,041.90)
	68,205,874.06	-	72,180,294.27	3,974,420.21
Total Miscellaneous Revenues	179,240,613.45	22,550,812.62	209,652,445.07	7,861,019.00
AMOUNT TO BE RAISED BY TAXATION				
County Purpose Tax	337,343,753.11	-	337,343,753.11	-
Budget Totals	540,084,366.56	22,550,812.62	570,496,198.18	7,861,019.00
Non-Budget Revenues	-	-	11,535,376.99	11,535,376.99
	$ 540,084,366.56	$ 22,550,812.62	$ 582,031,575.17	$ 19,396,395.99

Miscellaneous Revenues Anticipated	
Revenues Accrued	$ 176,130,190.45
Federal and State Grants	33,522,254.62
Total Miscellaneous Revenues Realized	$ 209,652,445.07

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenues Not Anticipated:	
Fringe and Indirect Cost Reimbursements - Welfare	$ 5,719,496.15
State Criminal Alien Assistance Pogram	1,793,600.00
Interest on Delinquent Taxes	1,620,176.65
NJ Voter Registration Election Costs	448,875.00
Miscellaneous Receipts	386,326.01
County Sheriff GPS Electronic Monitoring Device	345,665.56
Meadowview Utilities Payments	300,000.00
Fringe and Indirect Cost Reimbursements - Various	255,785.27
Salary Refunds	184,280.77
Lease of County Properties	145,341.88
Motion Picture Photo Shoot Fees	85,981.80
Prisoner Maintenance - Jail	84,826.04
Division of Aging - State Aid	58,000.00
Social Security Administration Recoveries	31,800.00
Inmat Medical Co-Pay Reimbursemet	25,746.05
Weights and Measures Penalties	19,897.35
Commissions - Vending Machines	10,978.85
H.C. Chest Clinic	7,069.52
FEMA Reimbursements	6,607.24
Mental Health Administration - Salary Reimbursement	3,000.00
Copy Fees	925.91
Special Civil - Fines, Costs and Ordinances	655.00
Settlement of Claims	341.94
	$ 11,535,376.99

Interfund	$ 72,038.77
Cash Receipts	11,463,338.22
	$ 11,535,376.99

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
LEGISLATIVE						
Board of Chosen Freeholders						
Salaries and Wages	$ 721,054.00	$ 721,054.00	$ 631,580.40	$ 14,000.00	$ 75,473.60	$ -
Other Expenses	290,300.00	290,300.00	153,104.00	124,511.57	12,684.43	-
Clerk of the Board						
Salaries and Wages	328,674.00	328,674.00	313,932.63	6,500.00	8,241.37	-
Other Expenses	64,100.00	64,100.00	38,355.87	17,369.70	8,374.43	-
	1,404,128.00	1,404,128.00	1,136,972.90	162,381.27	104,773.83	-
ADMINISTRATIVE AND EXECUTIVE						
Law Department						
Salaries and Wages	3,172,534.00	3,022,534.00	2,902,272.77	55,000.00	65,261.23	-
Other Expenses	1,752,950.00	2,002,950.00	1,183,928.20	793,673.84	25,347.96	-
Division Consumer Protection						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	5,000.00	5,000.00	43.15	-	4,956.85	-
Planning Board						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	64,300.00	64,300.00	29,941.99	32,208.23	2,149.78	-
County Executive						
Salaries and Wages	911,612.00	861,612.00	806,954.63	16,000.00	38,657.37	-
Other Expenses	53,000.00	53,000.00	21,929.13	13,254.31	17,816.56	-
County Administrator						
Salaries and Wages	493,202.00	553,202.00	529,604.79	16,000.00	7,597.21	-
Other Expenses	1,189,050.00	1,129,050.00	420,028.42	678,388.77	30,632.81	-
Public Employees Award Program	100.00	100.00	-	-	-	100.00
Office of Cultural and Heritage Affairs						
Salaries and Wages	426,992.00	346,992.00	299,695.12	6,500.00	40,796.88	
Other Expenses	270,570.00	270,570.00	201,554.03	40,719.37	28,296.60	-
	8,339,510.00	8,309,510.00	6,395,952.23	1,651,744.52	261,713.25	100.00
DEPARTMENT OF FINANCE AND ADMINISTRATION						
Director of Finance and Administration						
Salaries and Wages	332,759.00	307,759.00	256,143.15	5,300.00	46,315.85	-
Other Expenses	12,300.00	12,300.00	5,543.34	4,712.00	2,044.66	-
Audit Services	244,000.00	244,000.00	-	244,000.00	-	-
Division of Accounts and Controls						
Salaries and Wages	1,136,663.00	1,136,663.00	1,066,346.35	22,500.00	47,816.65	-
Other Expenses	122,807.00	97,807.00	15,203.82	73,844.83	8,758.35	-
Division of Purchasing						
Salaries and Wages	567,395.00	517,395.00	495,660.18	9,500.00	12,234.82	-
Other Expenses	24,508.00	24,508.00	18,511.86	3,150.01	2,846.13	-
Division of Management Information Services						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	1,816,694.00	1,866,694.00	1,736,353.86	114,487.11	15,853.03	-
Division of Tax Assessments						
Salaries and Wages	442,356.00	442,356.00	419,875.04	7,800.00	14,680.96	-
Other Expenses	6,000.00	6,000.00	(769.32)	5,741.53	1,027.79	-
Division of Personnel						
Salaries and Wages	1,205,982.00	1,180,982.00	1,136,116.67	23,000.00	21,865.33	-
Other Expenses	348,984.00	348,984.00	219,879.14	109,817.92	19,286.94	-
Insurance						
Group Plans for Employees	49,604,000.00	49,604,000.00	48,718,361.43	149,304.10	736,334.47	-
Health Benefit Waiver	400,000.00	400,000.00	358,948.49	-	41,051.51	-
Workers' Compensation	4,250,000.00	4,250,000.00	2,000,000.00	2,250,000.00	-	-
Liability Insurance	4,250,000.00	4,250,000.00	4,250,000.00	-	-	-
	64,764,548.00	64,689,548.00	60,696,174.01	3,023,157.50	970,216.49	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
CONSTITUTIONAL OFFICES						
County Clerk						
Salaries and Wages	$ 1,307,698.00	$ 1,337,698.00	$ 1,291,728.32	$ 27,500.00	$ 18,469.68	$ -
Other Expenses	53,826.00	53,826.00	36,564.58	9,125.81	8,135.61	-
Register of Deeds and Mortgages						
Salaries and Wages	1,242,389.00	1,242,389.00	1,178,675.49	25,000.00	38,713.51	
Other Expenses	213,914.00	213,914.00	194,160.81	19,045.84	707.35	-
Prosecutor's Office						
Salaries and Wages	21,070,382.00	20,570,382.00	18,679,120.66	380,000.00	1,511,261.34	
Other Expenses	2,316,858.00	2,316,858.00	1,775,126.19	411,994.14	129,737.67	-
	26,205,067.00	25,735,067.00	23,155,376.05	872,665.79	1,707,025.16	-
THE JUDICIARY						
County Surrogate						
Salaries and Wages	1,218,191.00	1,218,191.00	1,190,819.54	25,000.00	2,371.46	
Other Expenses	64,354.00	64,354.00	53,537.09	10,547.56	269.35	-
Probation Department						
Other Expenses	100.00	100.00	-	-	100.00	-
Title IV-D Social Security Act						
Other Expenses	100.00	100.00	-	-	100.00	-
	1,282,745.00	1,282,745.00	1,244,356.63	35,547.56	2,840.81	-
REGULATION						
Sheriff's Office						
Salaries and Wages	23,083,010.00	24,283,010.00	22,878,832.13	391,000.00	1,013,177.87	-
Other Expenses	1,560,683.00	1,710,683.00	1,397,834.80	285,752.28	27,095.92	-
Board of Elections						
Salaries and Wages	453,433.00	453,433.00	397,543.51	8,000.00	47,889.49	-
Other Expenses	60,760.00	60,760.00	18,837.54	36,638.31	5,284.15	-
Special Election Expense	1,007,000.00	1,007,000.00	907,788.27	-	99,211.73	-
County Clerk Elections						
Other Expenses	33,750.00	33,750.00	26,848.61	1,157.19	5,744.20	-
Special Election Expense	1,000,000.00	1,000,000.00	920,237.90	-	79,762.10	-
Superintendent of Elections	2,193,658.00	2,228,658.00	2,011,739.57	156,031.53	60,886.90	-
Weights and Measures						
Salaries and Wages	346,622.00	346,622.00	304,051.14	7,000.00	35,570.86	-
Other Expenses	500.00	500.00	405.00	-	95.00	-
Medical Examiner						
Other Expenses	1,953,900.00	1,953,900.00	1,072,345.49	881,554.51	-	-
	31,693,316.00	33,078,316.00	29,936,463.96	1,767,133.82	1,374,718.22	-
DEPARTMENT OF PARKS AND COMMUNITY SERVICES						
Director of Parks and Community Services						
Salaries and Wages	429,592.00	404,592.00	361,112.64	8,000.00	35,479.36	-
Other Expenses	123,200.00	123,200.00	14,792.54	21,180.76	87,226.70	-
Division of Parks						
Salaries and Wages	5,132,821.00	5,082,821.00	4,873,175.24	93,000.00	116,645.76	
Other Expenses	1,819,363.00	1,819,363.00	1,295,092.62	472,480.10	51,790.28	-
Utilities	1,560,000.00	1,790,000.00	1,517,056.73	138,607.85	134,335.42	-
Division of Planning						
Salaries and Wages	609,668.00	584,668.00	527,434.54	8,000.00	49,233.46	-
Other Expenses	62,200.00	62,200.00	26,358.25	34,765.03	1,076.72	-
Office of Business Opportunity & Community Service						
Salaries and Wages	340,085.00	275,085.00	245,146.74	7,500.00	22,438.26	-
Other Expenses	85,085.00	85,085.00	47,704.28	24,083.48	13,297.24	-
Division of Housing and Community Development						
Salaries and Wages	60,987.00	60,987.00	12,762.81	-	48,224.19	-
Other Expenses	126,300.00	126,300.00	325.63	90,948.01	35,026.36	-
	10,349,301.00	10,414,301.00	8,920,962.02	898,565.23	594,773.75	-

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
DEPARTMENT OF ROADS & PUBLIC PROPERTY						
Director of Roads & Public Property						
Salaries and Wages	$ 761,449.00	$ 761,449.00	$ 704,997.63	$ -	$ 56,451.37	$ -
Other Expenses	14,475.00	14,475.00	7,935.26	4,341.55	2,198.19	-
Division of Buildings and Grounds						
Salaries and Wages	11,282,743.00	11,182,743.00	10,727,519.97	215,000.00	240,223.03	
Other Expenses	4,405,730.00	4,330,730.00	2,491,325.27	1,538,113.69	301,291.04	
Fuel	100.00	100.00	-	-	100.00	
Telephone, Water & Light	8,950,000.00	8,620,000.00	7,317,215.55	1,120,576.37	182,208.08	
Motor Pool						
Salaries and Wages	836,957.00	786,957.00	742,453.48	15,000.00	29,503.52	
Other Expenses	556,535.00	816,535.00	594,883.90	158,325.86	63,325.24	
Utilities	750,000.00	465,000.00	224,426.83	62,843.67	177,729.50	
Division of Roads and Bridges						
Salaries and Wages	1,463,580.00	1,403,580.00	1,319,450.97	26,000.00	58,129.03	
Other Expenses	887,950.00	887,950.00	550,287.59	288,427.80	49,234.61	
County Bridges						
Other Expenses	100.00	100.00	-	-	100.00	-
Joint Bridges						
Salaries and Wages	117,620.00	117,620.00	66,100.36	2,000.00	49,519.64	-
Other Expenses	132,476.00	132,476.00	35,526.58	80,149.54	16,799.88	-
Lighting of Highways & Bridges	1,375,000.00	1,375,000.00	811,335.65	268,616.45	295,047.90	-
Office of Traffic Signals and Signs						
Salaries and Wages	348,005.00	348,005.00	292,625.62	6,000.00	49,379.38	-
Other Expenses	144,700.00	169,700.00	120,856.21	35,671.50	13,172.29	
Division of Engineering						
Salaries and Wages	1,636,823.00	1,636,823.00	1,562,278.91	32,500.00	42,044.09	
Other Expenses	57,880.00	57,880.00	2,312.38	40,843.53	14,724.09	-
Construction Board of Appeals						
Other Expenses	24,775.00	24,775.00	4,036.48	15,120.29	5,618.23	-
Office of Emergency Management						
Salaries and Wages	463,833.00	437,833.00	372,784.47	9,000.00	56,048.53	-
Other Expenses	34,975.00	34,975.00	17,292.01	14,182.42	3,500.57	-
Office of the Fire Marshall						
Salaries and Wages	149,018.00	150,018.00	146,303.68	2,800.00	914.32	-
Other Expenses	2,500.00	2,500.00	1,734.73	253.50	511.77	-
Division of Central Services						
Salaries and Wages	619,164.00	654,164.00	634,457.95	12,500.00	7,206.05	-
Other Expenses	904,501.00	769,501.00	631,626.89	102,330.77	35,543.34	-
	35,920,889.00	35,180,889.00	29,379,768.37	4,050,596.94	1,750,523.69	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director of Health and Human Services						
Salaries and Wages	758,073.00	698,073.00	642,439.80	15,000.00	40,633.20	-
Other Expenses	651,435.00	611,435.00	361,792.30	208,138.73	41,503.97	-
Aid to Handicapped Adults	15,000.00	15,000.00	-	15,000.00	-	-
N.J. Division of Youth and Family Services - County Share	6,091,917.00	6,091,917.00	-	-	-	6,091,917.00
Children's Center for Special Needs - Contractual	75,000.00	75,000.00	49,667.00	25,333.00	-	-
Aid to County Branch - NJ Association for Retarded Citizens	50,000.00	50,000.00	37,499.94	12,500.06	(0.00)	-
Division of Compliance and Audits						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Office on Aging						
Salaries and Wages	222,653.00	237,653.00	227,645.64	5,000.00	5,007.36	-
Other Expenses	35,060.00	35,060.00	23,308.69	5,000.00	6,751.31	-
Veterans' Internments						
Salaries and Wages	21,867.00	21,867.00	-	-	1,867.00	20,000.00
Other Expenses	48,312.00	48,312.00	20,141.13	16,254.26	11,916.61	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Office of Disability Services						
Salaries and Wages	$ 233,327.00	$ 183,327.00	$ 133,281.29	$ 3,500.00	$ 46,545.71	$ -
Other Expenses	22,400.00	22,400.00	7,403.99	13,415.42	1,580.59	-
Visiting Homemaker Service -						
Child Abuse Services in Emergency	5,700.00	5,700.00	-	5,700.00	-	-
Division of Psychiatric Services						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Meadowview Psychiatric Hospital						
Salaries and Wages	10,687,494.00	10,587,494.00	10,219,761.82	187,500.00	180,232.18	-
Other Expenses	1,997,248.00	1,997,248.00	1,146,425.93	703,125.04	147,697.03	-
Food and Kitchen Supplies	1,485,754.00	1,485,754.00	1,084,005.12	315,794.12	85,954.76	-
Division of Public Health						
Salaries and Wages	130,683.00	130,683.00	128,027.00	-	2,656.00	-
Other Expenses	1,573,928.00	1,573,928.00	1,176,247.78	395,272.87	2,407.35	-
Maintenance of Patients in State Institutions for:						
Mental Disease N.J.S.A. 30:4-79	14,799,715.00	14,799,715.00	14,799,715.00	-	-	-
Mental Retarded N.J.S.A. 30:4-79	25,489,393.00	25,489,393.00	25,489,393.00	-	-	-
Project C.A.A.R.E.	1,050,000.00	1,050,000.00	710,672.56	324,555.89	14,771.55	-
Employee Health Clinic					-	
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
T.B. Chest Clinic					-	
Salaries and Wages	520,123.00	520,123.00	424,604.86	16,000.00	79,518.14	-
Other Expenses	408,910.00	408,910.00	29,125.20	282,402.30	97,382.50	-
Transcend					-	
Salaries and Wages	1,274,757.00	1,499,757.00	1,370,523.28	114,137.97	15,095.75	-
Other Expenses	1,000.00	1,000.00	414.30	-	585.70	-
Diagnostic Shelter Program -						
Contractual	258,557.00	258,557.00	205,309.00	40,443.00	12,805.00	-
	67,908,906.00	67,898,906.00	58,287,404.63	2,704,072.66	795,511.71	6,111,917.00
DEPARTMENT OF FAMILY SERVICES						
Director of Family Services						
Salaries and Wages	397,474.00	397,474.00	356,055.44	8,500.00	32,918.56	-
Other Expenses	261,900.00	261,900.00	121,474.51	129,462.72	10,962.77	-
County Welfare Agency						
Salaries and Wages	33,898,374.00	33,898,374.00	31,297,951.42	650,000.00	450,422.58	1,500,000.00
Other Expenses	27,019,933.00	27,019,933.00	21,591,499.48	3,654,589.79	273,843.73	1,500,000.00
County Assistance Programs	2,336,259.00	2,336,259.00	2,250,000.00	-	86,259.00	-
Office of Workforce Development						
Salaries and Wages	189,429.00	189,429.00	174,316.00	3,000.00	12,113.00	-
Other Expenses	42,155.00	42,155.00	2,901.25	30,000.00	9,253.75	-
	64,145,524.00	64,145,524.00	55,794,198.10	4,475,552.51	875,773.39	3,000,000.00
DEPARTMENT OF CORRECTIONS						
Adult Correctional Center						
Salaries and Wages	48,788,822.00	48,788,822.00	43,341,623.55	700,000.00	1,547,198.45	3,200,000.00
Other Expenses	10,408,595.00	10,258,595.00	5,852,420.96	3,816,878.15	589,295.89	-
Food and Kitchen Supplies	3,041,758.00	3,041,758.00	2,391,938.47	471,091.68	178,727.85	-
Payment to Municipal Authorities						
and Utilities	1,616,220.00	1,616,220.00	1,423,027.93	2,320.00	190,872.07	-
Division of Juvenile Detention						
Salaries and Wages	100.00	100.00	-	-	100.00	
Other Expenses	3,056,069.00	3,056,069.00	2,084,350.07	707,415.00	264,303.93	-
Food and Kitchen Supplies	100.00	100.00	-	-	100.00	-
	66,911,664.00	66,761,664.00	55,093,360.98	5,697,704.83	2,770,598.19	3,200,000.00

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
DEPARTMENT OF EDUCATION						
Superintendent of Schools						
Salaries and Wages	$ 227,697.00	$ 227,697.00	$ 205,642.19	$ 4,000.00	$ 18,054.81	$ -
Other Expenses	20,000.00	20,000.00	15,799.48	4,179.26	21.26	-
Hudson County Community College	12,343,161.00	12,343,161.00	12,343,160.00	-	1.00	-
Reimbursements for Residents Attending Out of County						
Two Year Colleges-NJSA 18A:64A-23	125,000.00	150,000.00	80,458.83	60,000.00	9,541.17	-
Vocational School	26,795,000.00	26,795,000.00	26,795,000.00	-	-	-
	39,510,858.00	39,535,858.00	39,440,060.50	68,179.26	27,618.24	-
UNCLASSIFIED						
Ethics Board						
Salaries and Wages	11,936.00	11,936.00	11,693.73	-	242.27	-
Other Expenses	13,250.00	13,250.00	-	-	13,250.00	-
Administration of Debt Service	312,000.00	312,000.00	89,648.80	217,966.00	4,385.20	-
Advertisements and Announcements	60,000.00	60,000.00	24,803.25	700.00	34,496.75	-
Volunteer Fire Co. Instructions	4,000.00	4,000.00	2,000.00	-	2,000.00	-
	401,186.00	401,186.00	128,145.78	218,666.00	54,374.22	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Federal and State Grants						
Council on the Arts	106,343.00	106,343.00	106,343.00	-	-	-
NJ Destination Marketing	124,360.00	124,360.00	124,360.00	-	-	-
Area Plan Grant	4,440,151.00	6,264,655.00	6,264,655.00	-	-	-
Comprehensive Alcoholism	1,145,057.00	1,145,057.00	1,145,057.00	-	-	-
TB Health Services Grant	-	528,321.00	528,321.00	-	-	-
TB Health State Supplemental	-	35,000.00	35,000.00	-	-	-
Youth Incentive Program Award	-	44,551.00	44,551.00	-	-	-
Workforce Investment Act	-	2,941,167.00	2,941,167.00	-	-	-
Insurance Fraud Program	-	250,000.00	250,000.00	-	-	-
HC Safe Communities Grant	62,000.00	62,000.00	62,000.00	-	-	-
Juvenile Detention Alternatives	-	123,633.00	123,633.00	-	-	-
Transportation Assistance Act	1,033,683.00	1,157,666.27	1,157,666.27	-	-	-
HIV Emergency Relief Formula	2,500,759.00	3,137,490.00	3,137,490.00	-	-	-
HIV Emergency Relief Supp.	-	1,621,717.00	1,621,717.00	-	-	-
Minority AIDS Initiative Program	377,889.00	471,884.00	471,884.00	-	-	-
Homeless and Family Shelter	-	1,993,379.00	1,993,379.00	-	-	-
Human Services Advisory Council	-	82,356.00	82,356.00	-	-	-
Workfirst NJ DFD	-	476,399.00	476,399.00	-	-	-
Work First NJ DOL	-	6,442,250.00	6,442,250.00	-	-	-
Work First NJ DOL - Supplemental	-	68,000.00	68,000.00		-	
Social Services for the Homeless	1,887.00	1,887.00	1,887.00	-	-	-
Community Programs/Family Court	307,803.00	307,803.00	307,803.00	-	-	-
SAIF Program	-	756,583.00	756,583.00	-	-	-
Clean Communities Grant	-	21,591.43	21,591.43	-	-	-
Juvenile Justice Commission Grant	842,354.00	842,354.00	842,354.00	-	-	-
Megan's Law	450.00	18,013.00	18,013.00	-	-	-
HC ST Summer Youth Programs	-	33,700.00	33,700.00	-	-	-
Body Armor Replacement Fund	-	64,054.91	64,054.91	-	-	-
Pedestrian Safety	-	16,000.00	16,000.00	-	-	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-	-	-
Subregional Trans. Planning	-	113,296.00	113,296.00	-	-	-
Alliance to Prevent Alcoholism	-	608,898.00	608,898.00	-	-	-
Emerg. Management Assistance	55,000.00	55,000.00	55,000.00	-	-	-
Crime Victims Assistance Program	-	364,323.00	364,323.00	-	-	-
State Homeland Security Grant	-	615,239.01	615,239.01	-	-	-
Urban Areas Security Initiative	-	357,500.00	357,500.00	-	-	-
Byrne Justice Assistance Grant	-	259,578.00	259,578.00	-	-	-
Detention Exercise Equipment	124,850.00	124,850.00	124,850.00	-	-	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued)						
LEAP Program	$ -	$ 500,000.00	$ 500,000.00	$ -	$ -	$ -
COPS Grants	-	1,500,000.00	1,500,000.00	-	-	-
(SHIP) Insurance Assistance	-	26,500.00	26,500.00	-	-	-
Matching Funds for Grants	75,000.00	75,000.00	-	-	75,000.00	-
	11,197,586.00	33,748,398.62	33,673,398.62	-	75,000.00	-
Total Operations	430,035,228.00	452,586,040.62	403,282,594.78	25,625,967.89	11,365,460.95	12,312,017.00
Contingent	30,000.00	30,000.00			15,000.00	15,000.00
Total Operations Including Contingent	430,065,228.00	452,616,040.62	403,282,594.78	25,625,967.89	11,380,460.95	12,327,017.00
Detail:						
Salaries and Wages	180,076,702.00	179,497,538.00	165,266,665.60	3,177,037.97	6,333,834.43	4,720,000.00
Other Expenses	249,988,526.00	273,118,502.62	238,015,929.18	22,448,929.92	5,046,626.52	7,607,017.00
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	1,500,000.00	1,500,000.00	1,500,000.00	-	-	-
Correction Facility Lease Financing	13,430,350.00	13,430,350.00	13,430,350.00	-	-	-
Facility Lease Revenue Bonds:						
Various Projects	9,380,225.02	9,380,225.02	8,730,225.02	-	-	650,000.00
Administration Building	2,839,936.50	2,839,936.50	2,839,936.50	-	-	-
City Plaza	3,683,500.00	3,683,500.00	3,683,500.00	-	-	-
	30,834,011.52	30,834,011.52	30,184,011.52	-	-	650,000.00
COUNTY DEBT SERVICE						
Payment of Bond Principal						
Open Space Bonds	863,000.00	863,000.00	863,000.00	-	-	-
County College Bonds	485,000.00	485,000.00	485,000.00	-	-	-
State Aid County College Bonds	5,215,000.00	5,215,000.00	5,215,000.00	-	-	-
Vocational School Bonds	3,025,000.00	3,025,000.00	3,025,000.00	-	-	-
Other Bonds	12,235,625.00	12,235,625.00	12,235,625.00	-	-	-
Payment of Bond Anticipation Notes	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Interest on Bonds						
Open Space Bonds	261,911.26	261,911.26	261,911.26	-	-	-
County College Bonds	551,693.76	551,693.76	551,693.76	-	-	-
State Aid County College Bonds	2,057,282.50	2,057,282.50	2,057,282.50	-	-	-
Vocational School Bonds	1,655,700.00	1,655,700.00	1,655,700.00	-	-	-
Other Bonds	6,906,084.82	6,906,084.82	6,906,084.82	-	-	-
Interest on Notes	1,690,081.32	1,690,081.32	1,690,081.32	-	-	-
Green Trust Loan Program	375,419.21	375,419.21	325,419.21	-	-	50,000.00
	36,321,797.87	36,321,797.87	36,271,797.87	-	-	50,000.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Prior Year Bils	15,460.28	15,460.28	-	15,460.28	(0.00)	-
Various Capital Improvements	500,000.00	500,000.00	500,000.00	-	-	-
Statutory Expenditures						
Contribution To:						
Public Employee Retirement Sys.	11,626,939.88	11,626,939.88	11,626,939.88	-	-	-
Social Security System	12,250,000.00	12,250,000.00	11,480,090.18	-	769,909.82	-
County Employee Pension Fund	1,525,000.00	1,525,000.00	-	1,525,000.00	-	-
Police and Fire Retirement Sytem	12,751,037.01	12,751,037.01	12,751,037.01	-	-	-
Consolidated Police/Fire Pension	36,692.00	36,692.00	36,691.48	-	0.52	-
Court Attendant Pension Fund	485,000.00	485,000.00	415,240.96	-	69,759.04	-
Non-Contributory County Pension	2,583,000.00	2,583,000.00	2,367,203.62	-	215,796.38	-
Veterans' Pension Fund	100.00	100.00	-	-	100.00	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES (continued)						
Contribution To:						
Unemployment Compensation Insurance						
Insurance (N.J.S.A. 43:21-3)	$ 300,000.00	$ 300,000.00	$ 300,000.00	$ -	$ -	$ -
N.J. State Disability Insurance	725,000.00	725,000.00	664,817.77	-	60,182.23	-
Deferred Contribution (DCRP)	65,000.00	65,000.00	48,598.89	-	16,401.11	-
	42,863,229.17	42,863,229.17	40,190,619.79	1,540,460.28	1,132,149.10	-
JUDGMENTS	100.00	100.00	-	-	-	100.00
TOTAL GENERAL APPROPRIATIONS	$ 540,084,366.56	$ 562,635,179.18	$ 509,929,023.96	$ 27,166,428.17	$ 12,512,610.05	$ 13,027,117.00

Budget as Adopted	$ 540,084,366.56	
Added by N.J.S.A. 40A:4-87	22,550,812.62	
	562,635,179.18	
Appropriations Canceled	13,027,117.00	
	$ 549,608,062.18	
Cash Disbursed		487,216,377.15
Capital Improvement Fund	1,500,000.00	
Deferred Charges	500,000.00	
Federal and State Grant Appropriations	33,673,398.62	
		35,673,398.62
		522,889,775.77
Less: Cash Receipts		12,960,751.81
		$ 509,929,023.96

Exhibit B

COUNTY OF HUDSON
TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Cash and Cash Equivalents	$ 47,216,501.21	$ 45,943,575.73
Community Development Programs Receivable	8,051,732.72	6,625,151.75
Total Assets	$ 55,268,233.93	$ 52,568,727.48
Liabilities and Reserves		
Reserve for:		
Encumbrances	$ 5,565,344.28	$ 8,528,298.71
Interfunds Payable	59,798.68	-
Dedicated Revenues	20,271,544.24	18,461,836.48
Motor Vehicle Fines	7,541,157.33	8,849,618.95
County Open Space	11,160,771.49	5,776,835.81
Self-Insurance Fund	346,190.44	450,015.83
State Unemployment Insurance Fund	1,058,566.80	2,700,126.28
Confiscated Cash Seized on Arrest	800,526.56	797,311.61
Other Cash Reserves	251,694.14	251,694.14
Community Development Programs	8,091,508.09	6,633,315.49
CDBG Loan Guarantee	121,131.88	119,674.18
Total Liabilities and Reserves	$ 55,268,233.93	$ 52,568,727.48

See accompanying notes to financial statements

COUNTY OF HUDSON
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Cash and Cash Equivalents	$ 38,880,389.59	$ 78,235,598.94
State Road Aid Allotments Receivable	33,879,318.31	23,757,350.31
Due From State - Green Acres Program II	966,440.50	966,440.50
Due From US Government Earmark	750,000.00	750,000.00
Due from Port Authority of New York & New Jersey	237,038.00	237,038.00
Deferred Charges to Future Taxation:		
Funded	293,401,897.36	303,033,236.49
Unfunded	229,214,584.60	231,345,892.89
Total Assets	$ 597,329,668.36	$ 638,325,557.13
Liabilities, Reserves and Fund Balance		
Bond Anticipation Notes	$ 83,976,156.00	$ 84,976,156.00
Reserve for Youth Consultation Services	130,934.65	130,934.65
General Serial and Term Bonds Payable	278,984,000.00	287,697,000.00
Capital Improvement Fund	2,023,129.17	603,129.17
Retained Percentages Due Contractors	1,727,585.57	1,314,632.60
Contracts Payable	42,698,574.50	36,132,077.05
Reserve for Payment of Debt	11,323,596.41	10,478,028.71
Reserve for State Road Aid Allotments	2,142,499.87	2,142,499.87
Green Acres Loans Payable	3,191,647.36	3,449,361.49
Reserve for Public Buildings, Grounds and Parks Arts Inclusion	1,272,666.88	474,613.00
Improvement Authorizations:		
Funded	49,973,682.92	60,986,528.46
Unfunded	107,906,971.65	137,301,747.75
Mortgage Payable - Due to HCIA	11,226,250.00	11,886,875.00
Fund Balance	751,973.38	751,973.38
Total Liabilities, Reserves, and Fund Balance	$ 597,329,668.36	$ 638,325,557.13
Bonds and Notes Authorized But Not Issued	$ 145,238,428.60	$ 146,369,736.89

See accompanying notes to financial statements

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance: December 31, 2016 and 2015	C	$ 751,973.38

See accompanying notes to financial statements.

COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Operating Fund:		
Cash and Cash Equivalents	$ 379,742.75	$ 379,742.75
Capital Fund:		
Cash and Cash Equivalents:	203,482.84	203,482.84
Total Assets	$ 583,225.59	$ 583,225.59
Liabilities, Reserves and Fund Balance		
Operating Fund:		
Fund Balance	$ 379,742.75	$ 379,742.75
Capital Fund:		
Improvement Authorizations - Funded	203,482.84	203,482.84
Total Liabilities, Reserves and Fund Balance	$ 583,225.59	$ 583,225.59

EXHIBIT D-1

COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	2016	2015
Revenue and Other Income Realized		
Fund Balance Utilized	$ 250.00	$ 250.00
Statutory Excess to Fund Balance	250.00	250.00
Fund Balance, January 1	379,742.75	379,742.75
	379,992.75	379,992.75
Decreased by:		
Utilized as Anticipated Revenue	250.00	250.00
Fund Balance, December 31	$ 379,742.75	$ 379,742.75

See accompanying notes to financial statements

COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Realized	Excess (Deficit)
Operating Surplus Anticipated	$ 250.00	$ 250.00	$ -
Budget Totals	250.00	250.00	-
Non-Budget Revenues	-	-	-
	$ 250.00	$ 250.00	$ -

See accompanying notes to financial statements

COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended	
	Budet	Modified Budget	Reserved	Cancelled
Operations:				
Other Expenses	$ 250.00	$ 250.00	$ -	$ 250.00
	$ 250.00	$ 250.00	$ -	$ 250.00

Budget as Adopted		$ 250.00
Appropriations Canceled		250.00
		$ -

See accompanying notes to financial statements

COUNTY OF HUDSON
GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	2016	2015
Assets		
Land and Improvements	$ 75,517,141.63	$ 75,517,141.63
Construction	291,585,773.49	287,788,610.86
Infrastructure	7,981.50	7,981.50
Machinery, Equipment and Licensed Vehicles	86,644,203.76	81,140,443.77
Total Assets	$ 453,755,100.38	$ 444,454,177.76
Investment in Fixed Assets		
Investment in General Fixed Assets	$ 453,755,100.38	$ 444,454,177.76

See accompanying notes to financial statements

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The County of Hudson, New Jersey (the “County”) functions independently through a county executive plan form of government pursuant to New Jersey Statutes Annotated (N.J.S.A.) Title 40, Chapter 41A. The governing body consists of a county executive, elected to a four year term, and a board of nine freeholders, who are elected to concurrent three year terms. The purpose of the County is to provide general county services and conduct general county affairs, as provided for by the County’s various departments, offices, agencies and programs. The County also has certain oversight responsibilities towards local governments that are located within the County’s geographical boundaries, including its twelve municipalities.

The financial statements of the County include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County, as required by N.J.S.A. 40A:5-5. Governmental Accounting Standards Board (“GASB”) establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the County). The State of New Jersey, Department of Community Affairs, Division of Local Government Services, (the “Division”) requires the financial statements of the County to be reported separately from it component units. If the provisions of GASB had been complied with, the following component units would have been discretely presented with the financial statements of the County:

Hudson County Community College	Hudson County Schools of Technology
Hudson County Improvement Authority	

Audit reports of the component units are available at the offices of each of the respective component units. The County Welfare Agency is discretely presented with the financial statements of the County:

BASIS OF PRESENTATION

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The financial statements of the County have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. Such principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

Current Fund – This is the general fund of the County and is used to record income and expenditures of a general operating nature.

Federal and State Grant Fund – This fund is used to account for activity of the majority of the grants received by the County, including grant receivables and their related receipts and expenditures against related grant reserves. Grants recorded here must also be included in the County operating budget.

Trust Funds – This fund is used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to N.J.S.A. 40A:4-39 and other applicable state statutes.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are bonds and notes payable offset by deferred charges to future taxation.

Affordable Housing Utility Operating and Capital Fund – This fund is used to account for the operations and acquisition of capital facilities of the County-owned Affordable Housing Utility. The Operating Utility records revenues and expenditures applicable to the general operation of the program to create additional affordable housing in the County. The Capital Utility is used to account for financial resources used to provide loans to create affordable housing within the County.

Payroll Agency Fund – This fund is used to accumulate and pay employee salary and wages and payroll deductions to proper agencies.

General Fixed Assets – This is not a separate fund type, but an “account group” used to account for all fixed assets of the County.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The accounts of the County are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

BASIS OF ACCOUNTING

The County prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The current financial resource focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes assessed to the municipalities within the County, as well as any amounts added or omitted and other amounts due to the County, are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital and utility indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

Encumbrances – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriation Reserves are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds – Advances from the Current Fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Deferred Charges to Future Taxation, Funded and Unfunded - Upon the authorization of capital projects, the County establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. Annually, the County raises the debt requirements for that particular year in the Current Fund budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Improvement Authorizations – Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the County's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. With minor exception, public domain ("infrastructure") general fixed assets consisting of certain improvements other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operations.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. The Division sets a maximum policy for defining general fixed assets as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of $5,000 or more per unit.

No depreciation has been provided for in the financial statements. Fixed assets acquired through federal grants in aid or contributed capital have been accounted for separately.

Accounting for utility fund property and equipment purchased by the Affordable Housing Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The utility does not record depreciation on fixed assets.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any State or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC) and which receives or holds public funds on deposit. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the County requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight. Among the increased protections and oversight, the revised GUDPA ensures a common level of deposit risk by each bank choosing to accept local government deposits, requires banks to fully collateralize deposits over $200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of banking and insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of less than three (3) months.

Also see Note B - Cash and Cash Equivalents.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the County and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the County’s financial statements. The budgetary requirements herein outlined are applicable to only the Current and Affordable Housing Utility Operating Funds, and not the Trust, Capital Fund, Affordable Housing Utility Capital Fund or the General Fixed Assets account group. However, statutes require the County to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: January 26 for introduction and approval and February 25 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The County must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and tax levy can be increased. A description of both “CAPS” follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the County is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. The County can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to one percentage point greater than the COLA, up to a maximum of 3.5%, upon passage of a COLA Rate Resolution.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A 40A:4-45.44 through 45.47. It establishes limits on the increase in the total County amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year’s amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

Sale of Municipal Assets - The proceeds of the sale of County assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full amount. The County’s utility long-term debt is recognized as a liability of the Affordable Housing Utility Capital Fund for the full amount.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Reserves (Other than Reserve for Receivables) - Reserves, other than reserve for receivables are considered as liabilities, and not as a reservation of fund balance.

Reserve for Receivables and Other Assets – Receivables of the County, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division's accounting principles. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs - Advertising costs are charged against the appropriate budget line as they occur. The County does not engage in direct-response advertising.

Fund Balance - Fund equity represented on the financial statements consists solely of Fund Balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources)

BASIC FINANCIAL STATEMENTS

The GASB Codification also requires the financial statements of a governmental unit presented in the general purpose financial statements to be in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the County's financial position and operations. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis – As described throughout Note A, substantial differences exist between GAAP and the basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

NOTE B. CASH AND CASH EQUIVALENTS

DEPOSITS

All cash and cash equivalents on deposit are partially insured by the FDIC up to $250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA (see Note A - Cash and Investments) or are on deposit with the New Jersey Asset and Rebate Management Program (NJARM) and New Jersey Educational Facilities Authority (NJEFA).

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a. Uncollateralized.
b. Collateralized with securities held by the pledging financial institution.
c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

At December 31, 2016 and 2015, the County's deposits are summarized as follows, deposits are allocated among four financial institutions:

	2016	2015
Insured - FDIC	$ 1,000,000.00	$ 1,000,000.00
Insured - GUDPA	234,868,874.51	248,282,916.99
NJ Asset and Rebate Management Program	-	504,573.21
	$ 235,868,874.51	$ 249,787,490.20

Under GUDPA, financial institutions are not required to pledge collateral for amounts covered by FDIC insurance.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the County's deposits as of December 31, 2016 and 2015 are held in foreign currency.

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS

New Jersey statutes permit the County to purchase the following types of securities when authorized by the cash management plan (described in note A):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund.
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets of this section, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the County's name and are held by either the counterparty or its trust department or agent, but not in the County's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The County does not have any investments denominated in foreign currency as of December 31, 2016 and 2015.

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy regarding the management of credit risk.

Concentration of Credit Risk - The County places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the first paragraph of the "Investments" section of this note. Currently, the County's only investments consist of deposits in the MBIA Government Investment Pool, the NJARM Program and the NJEFA Fund, all of which are classified as Government Investment Pools.

		Investment Maturities (in Years)			
Investment Type	Fair Value*	< 1	1 - 5	6 - 10	> 10
2016 Government Investment Pools	$ -	$ -	$ -	$ -	$ -
2015 Government Investment Pools	$ 504,573.21	$ 504,573.21	$ -	$ -	$ -

*Short-term investments are carried at cost, which approximates fair value.

The New Jersey Asset and Rebate Management Program ("NJARM") – This is a financial organization created exclusively for New Jersey local governments. The Program was designed to help achieve excellence in the governmental unit's investment program. Created as a joint investment trust under the Interlocal Services Act, NJARM provides participants with investment and arbitrage compliance services for both bond proceeds and general operating funds. As of December 31, 2016 and 2015, the County had balances $-0- and $504,573.21, respectively, in the NJARM Program government investment pool.

NOTE C. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes are collected and remitted quarterly to the County by the County's twelve municipalities. Each municipality is responsible for enforcing collection from individual taxpayers, and is required to remit to the County the full amount of the County portion of the municipality's total tax levy. The County portion includes County purpose taxes and County Open space taxes. Property taxes receivable for County purpose taxes are recorded in the Current Fund, while County Open Space Taxes are recorded in the Trust Fund, as each municipality's semiannual tax levy billing is approved. In addition, the County's share of taxes for any added and omitted assessments throughout the year for each municipality is recorded by the County as taxes receivable in the Current Fund.

Property tax bills are to be mailed by the municipality on or before June 14 and December 1. If the municipality is unable to mail bills by these dates, it has until June 30 and December 31 to mail estimated bills for the respective initial mailing dates. The June 14/30 bill is due from the taxpayer to the municipality in two quarterly installments on August 1 and November 1. The municipality is then required to remit the County taxes to the County on August 15 and November 15. The December 1/31 bill is due from the taxpayer to the municipality in two quarterly installments on February 1 and May 1. The municipality is then required to remit the County taxes to the County on February 15 and May 15. For added/omitted taxes, the municipality is to mail the bill on or before October 25. The due date for the taxpayer to pay the municipality is November 1. The municipality is then required to remit the County taxes on added/omitted assessments by February 15.

As of December 31, 2016 and 2015, the County had added and omitted taxes receivable of $3,118,006.24 and $2,282,814.64, respectively.

NOTE D. COUNTY DEBT

<u>SUMMARY OF COUNTY DEBT</u>

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general and utility capital expenditures of the County. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are backed by the full faith and credit of the County. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years, or be retired by the issuance of bonds.

NOTE D. COUNTY DEBT (continued)

SUMMARY OF COUNTY DEBT (continued)

At December 31, 2016 and 2015 the County's debt is summarized as follows:

	December 31, 2016			Dec. 31, 2015
Statutory Debt Pursuant to Local Bond Law	Issued	Authorized But Not Issued	Total	Total
General:				
General, School and College Improvement Bonds	$ 278,984,000.00	$ 145,238,428.60	$ 424,222,428.60	$ 434,066,736.89
Green Trust Loans	3,191,647.36	-	3,191,647.36	3,449,361.49
Bond Anticipation Notes	83,976,156.00	-	83,976,156.00	84,976,156.00
Total Gross Statutory Debt Issued	366,151,803.36	145,238,428.60	511,390,231.96	522,492,254.38
County Guaranty	548,270,066.00	-	548,270,066.00	579,434,687.00
Gross Statutory Debt	914,421,869.36	145,238,428.60	1,059,660,297.96	1,101,926,941.38
Less Statutory Deductions to Debt Limit:				
Debt Guaranteed by County	548,270,066.00	-	548,270,066.00	579,434,687.00
Funds in Hand for Payment of Debt				
Capital Fund: Reserve for Payment of Bonds	11,323,596.41	-	11,323,596.41	10,478,028.71
Trust Fund: Open Space Trust Fund	5,541,000.00		5,541,000.00	6,404,000.00
Merrill Lynch Delegation Agreement	6,750,000.00	-	6,750,000.00	7,400,000.00
NJSA 18A:64A-22.1 to 22.8 - County Colleges	29,899,000.00	-	29,899,000.00	30,064,000.00
	601,783,662.41	-	601,783,662.41	633,780,715.71
Net Statutory Debt	$ 312,638,206.95	$ 145,238,428.60	$ 457,876,635.55	$ 468,146,225.67

The County's long-term debt for the year ended December 31, 2015 is summarized as follows:

	Balance Dec. 31, 2014	New Issues	Retirements	Balance Dec. 31, 2015	Due by Dec. 31, 2016
General Serial Bonds	$ 300,307,000.00	$ 8,900,000.00	$ 21,510,000.00	$ 287,697,000.00	$ 21,813,000.00
Green Acres Loans	3,701,997.65	-	252,636.16	3,449,361.49	257,714.13
	$ 304,008,997.65	$ 8,900,000.00	$ 21,762,636.16	$ 291,146,361.49	$ 22,070,714.13

The County's long-term debt for the year ended December 31, 2016 is summarized as follows:

	Balance Dec. 31, 2015	New Issues	Retirements	Balance Dec. 31, 2016	Due by Dec. 31, 2017
General Serial Bonds	$ 287,697,000.00	$ 13,100,000.00	$ 21,813,000.00	$ 278,984,000.00	$ 23,735,000.00
Green Acres Loans	3,449,361.49	-	257,714.13	3,191,647.36	262,894.21
	$ 291,146,361.49	$ 13,100,000.00	$ 22,070,714.13	$ 282,175,647.36	$ 23,997,894.21

NOTE D. COUNTY DEBT (continued)

Debt Refunding

During the years ended December 31, 2016, the City renewed Bond Anticipation Notes in the amount of $83,976,156. There were no Refunding Bonds issued in 2016.

School Bond Reserve Act

Certain bonds of the County issued as Vocational School Bonds are additionally secured and are entitled to the benefits of the New Jersey School Bond Reserve Act, chapter 72 of the Laws of New Jersey of 1980. If the County is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund for the Support of Free Public School of the State of New Jersey will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the reserve account in accordance with the provisions of the School Bond Reserve Act. Any such payment of interest or purchase price of school bonds paid on behalf of the County pursuant to this Act shall be deducted from the appropriation for apportionment of State Aid. Included in the County's "General Serial and Term Bonds Payable" as of December 31, 2016 and 2015 are Vocational School Bonds additionally secured under the School Bond Reserve Act of $42,040,000and $46,590,000, respectively.

County College Bond Act

The County has issued County Community College Bonds which qualify under the County College Bond Act, chapter 12 of the Laws of New Jersey of 1971, as amended. In accordance with this act, the County has received notification from the State Treasurer that the State will provide support for a proportionate share of the principal and interest when due. Such support will be made to the County, upon the County's certification of amounts due, on or before the dates when such bonds are payable by the County. During the years ended December 31, 2016 and 2015, the County recognized $3,527,735.00 and $3,566,730.91, respectively, as 'State Aid – County College Bond' revenues pursuant to this act.

Included in the County's "General Serial and Term Bonds Payable" as of December 31, 2016 and 2015 are Hudson County Community College Bonds additionally secured under the County College Bond Act of $30,485,000 and $29,440,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE

General Serial and Term Bonds Payable

The County has outstanding at December 31, 2016 and 2015 various general serial and term bonds. The following table summarizes the 2016 activity and short term principal liability of the County's Vocational School Bonds, Community College Bonds and Pension Refunding Bonds in addition to General Improvement and Refunding Bonds.

Summary of General Serial and Term Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Merrill Lynch Refunding Bonds issued April 17, 1991 for $10,000,000 maturing annually from 2012 through 2026 bearing variable interest rates	$ 7,400,000.00	$ -	$ 650,000.00	$ 6,750,000.00	$ 650,000.00
Recovery Zone Economic Development Bonds issued December 22,2010 for $20,700,000 maturing annually through 2030 bearing interest rates of 1.704% to 6.928%	19,700,000.00	-	200,000.00	19,500,000.00	1,300,000.00
General Improvement Refunding Bonds issued April 26, 2011 for $15,200,000 maturing annually through 2021 bearing interest rates of 2.00% to 5.00%	10,090,000.00	-	1,450,000.00	8,640,000.00	1,535,000.00
General Improvement Bonds issued June 19, 2012 for $10,925,000 maturing annually through 2032 bearing interest rates of 2.00% to 3.75%	9,980,000.00	-	315,000.00	9,665,000.00	525,000.00
General Improvement Refunding Bonds, Series 2014 issued Nov. 6, 2014 for $24,410,000 to refund Series 2006 General Improvement Bonds maturing Sept. 1 annually from 2015 through 2021 bearing interest rates of 1.5% to 5%	24,320,000.00	-	3,865,000.00	20,455,000.00	3,830,000.00
General Obligation Bonds, Series 2014 issued Nov. 25, 2014 for $74,000,000 to Finance Multiple Ordinances maturing Dec. 1 annually from 2015 through 2031 bearing interest rates of 2% to 5%	70,220,000.00	-	3,785,000.00	66,435,000.00	3,810,000.00
Koppers Site HCIA Bonds issued May 1, 2012 for $6,265,000 maturing annually through 2025 bearing an interest rate of 2.50%	4,990,000.00	-	445,000.00	4,545,000.00	455,000.00

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Koppers Site Refinance Completion Project County Secured Revenue Bonds issued May 1, 2013 for $19,880,000 maturing annually through 2025 bearing an interest rate of 2.50%	$ 16,965,000.00	$ -	$ 1,515,000.00	$ 15,450,000.00	$ 1,550,000.00
Open Spaced Bonds issued September 12, 2006 for $4,723,000 maturing annually through 2016 bearing interest rates of 4.00% to 4.25%	673,000.00		673,000.00	-	-
Open Space Bonds issued July 13, 2011 for $6,446,000 maturing annually through 2036 bearing interest rates of 3.00% to 4.625%	5,731,000.00	-	190,000.00	5,541,000.00	190,000.00
County College Bonds issued June 25, 2013 for $8,710,000 maturing annually through 2033 bearing interest rates of 3.0% - 4.75%	$ 8,210,000.00	$ -	$ 250,000.00	$ 7,960,000.00	$ 250,000.00
General Improvement Bonds issued June 18, 2015 for $5,700,000 to Finance Ordinance No. 529-09-2014 maturing annually on June 1 through 2035 bearing interest rates of 2.00% to 5%	5,700,000.00	-	235,000.00	5,465,000.00	235,000.00
County Community College Bonds issued September 12, 2006 for $ 25,000,000 maturing annually through 2021 bearing interest rates of 4.00% to 4.25%	1,785,000.00	-	1,785,000.00	-	-
County Community College Bonds issued January 28, 2010 for $32,353,000 maturing annually through 2030 bearing interest rates of 3.00% to 4.00%	25,903,000.00	-	1,475,000.00	24,428,000.00	1,525,000.00
County Community College Bonds issued June 19, 2012 for $8,500,000 maturing annually through 2027 bearing interest rates of 2.00% to 3.50%	7,450,000.00	-	350,000.00	7,100,000.00	570,000.00

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
County College Bonds issued June 25, 2013 for $1,500,000 maturing annually through 2028 bearing interest rates of 3.0% to 4.5%	1,360,000.00	-	70,000.00	1,290,000.00	70,000.00
County College Refunding Bonds issued May 9, 2013 for $5,765,000 maturing annually through 2018 bearing interest rates of 3.0% - 4.0%	3,420,000.00	-	1,145,000.00	2,275,000.00	1,140,000.00
County College Bonds, Series 2014 issued June 11, 2014 for $4,250,000 to Finance Ordiance No. 374-06-2013 maturing March 15 annually from 2015 through 2029 bearing interest rates of 2% to 3.25%	4,050,000.00	-	200,000.00	3,850,000.00	200,000.00
County College Refunding Bonds, Series 2014 issued Nov. 6, 2014 for $10,010,000 to refund Series 2006 Community College Bonds maturing Sept. 1 annually from 2015 through 2021 bearing interest rates of 1.5% to 5%	$ 9,960,000.00	$ -	$ -	$ 9,960,000.00	$ 1,815,000.00
County College Bonds, Series 2015 (County College Bond Act, P.L. 1971 c. 12) issued June 11, 2014 for $15,650,000 to Finance Ordinance No. 528-09-2014 maturing annually on June 1 through 2030 bearing interest rates of 2% to 5%	3,200,000.00	-	190,000.00	3,010,000.00	190,000.00
Vocational School Bonds issued September 11, 2006 for $27,925,000 maturing annually through 2026 bearing interest rates of 4.00% to 4.25%	1,315,000.00	-	1,315,000.00	-	-
Vocational School Refunding Bonds issued April 26, 2011 for $2,740,000 maturing annually through 2021 bearing interest rates of 2.00% to 5.00%	1,790,000.00	-	265,000.00	1,525,000.00	270,000.00
County Vo-Tech Schools Bonds issued June 25, 2013 for $8,750,000 maturing annually through 224 bearing interest rates of 3.0% to 4.0%	7,750,000.00	-	500,000.00	7,250,000.00	600,000.00
County Vocational-Technical Schools Bonds, Series 2014 issued June 11, 2014 for $15,650,000 to Finance Ordinance No. 261-05-2013 maturing March 15 annually from 2015 through 2027 bearing interest rates of 2% to 3%	14,705,000.00	-	945,000.00	13,760,000.00	945,000.00

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
County Vocational-Technical Schools Refunding Bonds, Series 2014 issued Nov. 6, 2014 for $21,225,000 to refund Series 2006 County Vo-Tech Bonds maturing Sept. 1 annually from 2015 through 2028 bearing interest rates of 1.5% to 5%	$ 21,030,000.00	$ -	$ -	$ 21,030,000.00	$ 1,395,000.00
County Vocational-Technical Schools, Series 2016A issued June 14, 2016 for $10,100,000 to fund Ord. No. 271-5-2014 maturing July 1 annually from 2017 through 2032 bearing interest rates of 2.0% to 5%	-	10,100,000.00	-	10,100,000.00	520,000.00
County College Bonds, Series 2016B (C. 12 Bonds) issued June 14, 2016 for $10,100,000 to fund Ord. No. 648-11-2015 maturing July 1 annually from 2017 through 2031 bearing interest rates of 2.0% to 5%	-	3,000,000.00	-	3,000,000.00	165,000.00
	$ 287,697,000.00	$ 13,100,000.00	$ 21,813,000.00	$ 278,984,000.00	$ 23,735,000.00

Merrill Lynch Refunding Bonds - Merrill Lynch Refunding Bonds, which were issued by the County for $10,000,000 on April 17, 1991, but under a delegation agreement, the debt service is paid by Merrill Lynch directly to the Hudson County Improvement Authority. Such bonds shall mature serially each July 1, from 2012 through 2025, in the amount of $650,000 each year. On July 1, 2026, the remaining principal of $900,000 shall mature. Interest on the bonds is based on a variable rate. Interest is projected on the forgoing schedule on an average interest rate of 2.0%. These bonds had outstanding balances at December 31, 2016 and 2015 of $6,750,000 and $7,400,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

The General Obligation Recovery Zone Economic Development Bonds dated December 22, 2010 consist partially of term bonds in addition to serial payments. These term bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption. The following table represents the sinking fund schedule for each of the term bond payments required.

Schedule of Mandatory Sinking Fund Payments

	Recovery Zone Economic Development Bonds Maturing	
	Dec. 1, 2025	Dec. 1, 2030
2022	$ 1,400,000.00	$ -
2023	1,400,000.00	-
2024	1,400,000.00	-
2025	1,400,000.00	-
2026	-	1,400,000.00
2027	-	1,400,000.00
2028	-	1,400,000.00
2029	-	1,400,000.00
2030	-	1,400,000.00
Due at Maturity	$ 5,600,000.00	$ 7,000,000.00

The following paragraphs further describe the bonds included in the summary of general serial and term bond activity.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligations Bonds, Series 2006 – A total issue of $98,155,000, these bonds consist of:

- County Vocational-Technical Schools Bonds issued in the amount of $27,925,000 for the purpose of permanently financial various capital improvements to and the acquisition and installation of real property and equipment for Hudson County Schools of Technology, as authorized by Ordinance No. 412-9-2000 adopted September 28, 2000 ($4,350,000 issued herein), Ordinance No. 305-7-2004 adopted July 8, 2004 ($6,550,000 issued herein), Ordinance No. 299-7-2005 adopted July 14, 2005 ($5,075,000 issued herein) and Ordinance No. 269-6-2006 adopted June 22, 2006 ($11,950,000 issued herein). These bonds, which were partially refunded in 2014 and had outstanding balances at December 31, 2016 and 2015 of $1,315,000 and $-0-, respectively, were issued under the School Bond Reserve Act, as previously described.
- County College Bonds issued in the amount of $25,000,000 under the County College Bond Act, as previously described, for the purpose of permanently financing various capital improvements and equipment for Hudson County Community College as authorized by Ordinance No. 49-2-2006 adopted on February 9, 2006. These bonds were partially refunded in 2014 and had outstanding balances at December 31, 2016 and 2015 of $-0- and $1,785,000, respectively.
- Open Space Bonds issued in the amount of $4,723,000 for the purpose of permanently financing various 2005 open space, recreation and historic preservation trust fund capital improvements as authorized by Ordinance No. 447-10-2005 adopted on October 27, 2005. These bonds had outstanding balances at December 31, 2016 and 2015 of $-0- and $673,000, respectively.

County College Bonds, Series 2010 – These bonds were issued under the County College Bond Act, as previously described, for the purpose of permanently financing various capital projects by and for Hudson County Community College as authorized by Ordinance No. 161-4-2008 adopted on April 10, 2008 ($30,000,000 issued herein) and Ordinance No. 70-1-2010 adopted on January 28, 2010 ($2,353,000 issued herein). Issued in 2006 for an original amount of $32,353,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $24,428,000,000 and $25,903,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

County General Obligation Recovery Zone Economic Development Bonds (Federally Taxable) – These bonds were issued to provide funds which will be used by the County to finance the renovation of an existing warehouse building located in Kearny for use by the County as storage space and a Command Center for the County's Office of Emergency Management, storage space and a Command Center for the County Correctional Center and an archive record storage facility for the Hudson County Prosecutor's Office. Funds are also provided herein to pay costs associated with the bonds and capital improvements aforementioned. The County is required to make debt service payments to the HCIA which shall be sufficient to pay the principal of and interest on the bonds when scheduled.

The Bonds are being issued as taxable "Recovery Zone Economic Development Bonds" as authorized by the Recovery Act. By designating the Bonds as "Recovery Zone Economic Development Bonds," the County, through the HCIA, will receive cash subsidy payments from the United States Treasury equal to 45 percent of the interest payable on the Bonds on each Interest Payment Date.

The subsidies to be received on the bonds are subject to certain ongoing requirements that must be met subsequent to the issuance and delivery of the bonds in order for the HCIA or County to continue to receive the cash subsidy payments, including requirements relating to the use and expenditure of proceeds of the bonds. Noncompliance may cause the HCIA or County to be ineligible to continue to receive the cash subsidy payments. The Authority and County have each covenanted in its Tax and Arbitrage Certificate to comply with certain applicable provisions of the Code relating to actions to be taken by the Authority and County, respectively, in respect of the bonds after the issuance thereof to the extent necessary to effect and maintain the receipt of the cash subsidy payments.

During the years ended December 31, 2016 and 2015, the County received $537,639.00 and $497,644.14, respectively, pursuant to the cash subsidy provided by the United States Treasury. The cumulative subsidy received over the life of the bonds at December 31, 2016 and 2015 are $3,172,989.72 and $2,635,350.72, respectively.

Due to the events of sequestration, the aggregate (total Federal) reduction in subsidy payments for these bonds was 8.7% of the Federal amount budgeted for such payments. The likelihood of potential future sequestration action is unclear, however, should it occur, additional reductions in future subsidy payments are possible.

Issued in 2010 for an original amount of $20,700,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $19,500,000 and $19,700,000, respectively.

NOTE D. COUNTY DEBT (continued)

Open Space Bonds, Series 2011 – These bonds were issued to provide for the permanent financing of various open space, recreation and historic preservation trust fund capital improvements and the acquisition of real property for the expansion of Berry Lane Park for open space, recreation and historic preservation trust fund capital purposes as authorized by Ordinance No. 534-11-2007 adopted November 20, 2007 ($5,276,000 issued herein) and Ordinance No. 485-10-2010 ($1,170,000 issued herein). Issued in 2011 for an original amount of $6,446,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $5,541,000 and $5,731,000, respectively.

General Obligation Refunding Bonds, Series 2011 – During the year ended December 31, 2011, the County issued $17,940,000 of refunding bonds dated April 26, 2011 consisting of:

- $15,200,000 General Improvement Refunding Bonds, Series 2011, the proceeds of which refunded the remaining principal balance of $15,200,000 and interest accrued through November 1, 2011 of the General Improvement Bonds issued on November 1, 2001 in the original amount of $20,885,000. These bonds had outstanding balances at December 31, 2016 and 2015 of $8,640,000 and $10,090,000, respectively.
- $2,740,000 Vocational School Refunding Bonds (NJ School Bond Reserve Act, 1980 NJ Laws C. 72, as amended), Series 2011, the proceeds of which refunded the remaining principal balance of $2,740,000 and interest accrued through November 1, 2011 of the Vocational School Bonds issued on November 1, 2001 in the original amount of $3,650,000. These bonds had outstanding balances at December 31, 2016 and 2015 of $1,525,000 and $1,790,000, respectively
- Proceeds of both refunding bonds were also used to pay costs of issuance of the bonds.

General Obligation Bonds, Series 2012 – During the year ended December 31, 2012, the County issued $19,425,000 of general obligation bonds dated June 19, 2012 consisting of:

- $10,925,000 General Improvement Bonds, Series 2012, the proceeds of which refund the entire outstanding amount of bond anticipation notes of the County issued August 18, 2011 and maturing August 17, 2012 providing for the acquisition of real property located at 567 Pavonia Avenue, Jersey City and various improvements thereto as authorized by Ordinance No. 331-8-2009 finally adopted August 25, 2009. These bonds had outstanding balances at December 31, 2015 and 2014 of $9,980,000 and $10,295,000, respectively.
- $8,500,000 County College Bonds, Series 2012, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 266-05-2012 finally adopted May 10, 2012. These bonds had outstanding balances at December 31, 2015 and 2014 of $7,450,000 and $7,800,000, respectively.
- Proceeds of both bonds were also used to pay costs of issuance of the bonds.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

Acquisition of Koppers Seaboard Site - On February 26, 1998 the Board of Chosen Freeholders approved Resolution 103-2-1998, subsequently amended on November 24, 1998 by Resolution 611-11-1998, authorizing the execution of a contingent purchase or lease agreement by and between the County and the HCIA. The County and the HCIA entered into an agreement that provides for the County's unconditional obligation to purchase or lease the Koppers Site, located in Kearny, New Jersey for a minimum net purchase price of $33,000,000 in the event that other efforts to sell or lease the site by the HCIA to a third party purchaser were unsuccessful. On June 14, 2001, the HCIA sent formal notification to the County that they were unable to transfer or lease the Koppers Site, in accordance with the provisions of the agreement.

The County agreed that the contingent purchase price be paid in three (3) annual installments of $11,000,000 each on October 1 of 2001, 2002 and 2003. The County has paid $33,000,000 to the HCIA in connection with the Koppers Site in accordance with the agreement. On July 26, 2001, the County adopted a bond ordinance in the amount of $33,300,000.00 to meet the obligation. The County issued bond anticipation notes in three $11,000,000 tranches in 2001, 2002 and 2003 and subsequently rolled over such bond anticipation notes, with certain pay-downs through and including the date hereof. Bonds were issued in 2012 to permanently finance the 2001 tranche and in 2013 to permanently finance the 2002 and 2003 tranches. Original authorization of these bonds was through Ordinance No. 300-7-2001.

- **HCIA Bonds, Series 2012 -** During the year ended December 31, 2012, the County issued $6,265,000 of bonds at an interest rate of 2.5% for the purpose of refunding a portion of the outstanding amount of bond anticipation notes of the County issued August 31, 2011 and maturing May 1, 2012 providing for the acquisition of land in Kearny referred to as the Koppers Site. Of the $6,265,000 issued, $6,144,000 was for the purposes of refunding the bond anticipation notes and the remaining $121,000 was issued to finance the costs of issuance. These bonds had outstanding balances as of December 31, 2016 and 2015 of $4,545,000 and $4,990,000, respectively.
- **Completion, County Secured Revenue Bonds, Series 2013 -** During the year ended December 31, 2013, the County issued $19,880,000 of bonds at an interest rate of 2.5% for the purpose of refunding the total outstanding amount of bond anticipation notes of the County issued May 1, 2012 and maturing May 1, 2013 providing for the acquisition of land in Kearny referred to as the Koppers Site. These bonds had outstanding balances as of December 31, 2016 and 2015 of $15,450,000 and $16,965,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Bonds, Series 2013 – During the year ended December 31, 2013, the County issued $18,960,000 of general obligation bonds dated June 25, 2013 consisting of:

- $8,750,000 County Vocational-Technical Schools Bonds, Series 2013, the proceeds of which are to provide for the permanent financing of capital improvements and the acquisition of related capital equipment for the Hudson County Schools of Technology as authorized by Ordinance No. 406-07-2012 finally adopted July 12, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of $7,250,000 and $7,750,000, respectively.
- $8,710,000 County College Bonds, Series 2013, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 407-07-2012 finally adopted July 12, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of $7,960,000 and $8,210,000, respectively.
- $1,500,000 of Chapter 12 County College Bonds, Series 2013, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 267-05-2012 finally adopted May 10, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of $1,290,000 and $1,360,000, respectively.
- Proceeds of the above bonds were also used to pay costs of issuance of the bonds.

County College Refunding Bonds, Series 2013 – These bonds were issued to refund all of the County's $6,000,000 outstanding callable County College Bonds, Series 2003(County College Bond Act, 1971 N.J. Laws c. 12, as amended), dated July 15, 2003 and maturing on July 15 in the years 2014 through 2018, inclusive, and also to pay, when due, interest accrued on the Refunded Bonds through and including July 15, 2013 as well as the costs of issuance of the Bonds. Issued in 2013 for an original amount of $5,765,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $2,275,000 and $3,420,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Refunding Bonds, Series 2014 – During the year ended December 31, 2014, the County issued $55,645,000 of refunding bonds dated November 6, 2014 consisting of:

- $24,410,000 General Improvement Refunding Bonds, Series 2014, the proceeds of which refunded $25,462,000 of the General Improvement Bonds, Series 2006 issued in the original amount of $39,082,000. These bonds had outstanding balances at December 31, 2016 and 2015 of $20,455,000 and $24,320,000, respectively.
- $21,225,000 Vocational School Refunding Bonds (NJ School Bond Reserve Act, 1980 NJ Laws C. 72, as amended), Series 2014, the proceeds of which refunded $21,285,000 of the County Vocational/Technical School Bonds, Series 2006 issued in the original amount of $27,925,000. These bonds had outstanding balances at December 31, 2016 and 2015 of $21,030,000 and $21,030,000, respectively
- $10,010,000 County College Refunding Bonds (County College Bond Act, 1971 NJ Laws C. 12, as amended), Series 2014, the proceeds of which refunded 10,385,000 of the Community College Bonds issued September 12, 2006 in the original amount of $25,000,000 providing for improvements to Hudson County Community College. These bonds had outstanding balances at December 31, 2016 and 2015 of $9,960,000 and $9,960,000, respectively
- Proceeds of the above refunding bonds were also used to pay costs of issuance of the bonds.

County Vocational-Technical Schools Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County Schools of Technology improvements as authorized by Ordinance No. 261-05-2013 adopted May 7, 2013. Issued in 2014 for an original amount of $15,650,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $13,760,000 and $14,705,000 respectively.

County College Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County Community College improvements as authorized by Ordinance No. 374-06-2013 adopted June 27, 2013. Issued in 2014 for an original amount of $4,250,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $3,850,000 and $4,050,000, respectively.

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County improvements as authorized by the ordinances noted below.

Ordinance Number	Date of Adoption	Purpose	Bonds Issued
267-06-2006	June 22, 2006	Various 2006 Capital Improvements and the Acquisition and Installation of Various Equpment, Furnishings, Vehicles and Other Capital Items	$ 8,027,000.00
201-05-2007	May 10, 2007	Various 2007 Capital Improvements and the Acquisition and Installation of Various Equpment, Furnishings, Vehicles and Other Capital Items	19,720,000.00
100-03-2008	Mar. 13, 2008	Hudson County Plaza Building Project	5,890,000.00
137-03-2008	Mar. 27, 2008	Career Development Center	6,175,000.00
389-08-2008	Sep. 10, 2008	Various 2008 Capital Improvemetns by and in the County	9,723,000.00
088-02-2010	Feb. 11, 2010	Various 2010 Capital Improvements	10,690,000.00
457-10-2010	Oct. 14, 2010	Various 2010 Capital Improvements and the Acquisition and Installation of Various Equpment, Furnishings, Vehicles and Other Capital Items	13,775,000.00
			$ 74,000,000.00

Issued in 2014 for an original amount of $74,000,000, these bonds had outstanding balances at December 31, 2016 and 2015 of $66,435,000 and $70,220,000, respectively.

General Improvement Bonds, Series 2015 – These bonds were issued to provide for the permanent financing of a Science Center Building by and for the Hudson County Community College as authorized by Ordinance No. 529-09-2014 adopted September 11, 2014. Issued in 2015 for an original amount of $5,700,000, this bond has an outstanding balance at December 31, 2016 and 2015 of $5,465,000 and $5,700,000, respectively.

County College Bonds, Series 2015 – These bonds were issued to provide for the permanent financing of various capital projects by and for the Hudson County Community College as authorized by Ordinance No. 528-09-2014 adopted September 11, 2014. Issued in 2015 for an original amount of $3,200,000, this bond has an outstanding balance at December 31, 2016 and 2015 of $3,010,000 and $3,200,000, respectively.

NOTE D. COUNTY DEBT (continued)

LOANS PAYABLE

Green Trust Loans Payable - The County has outstanding at December 31, 2016 and 2015 the following Green Trust Loans.

Summary of Green Trust Loans Activity

	Balance Dec. 31, 2015	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Laurel Hill issued September 27, 2000 for $306,502.50 maturing semi-annually from 2001 through 2020 bearing an interest rate of 2%	$ 90,258.25	$ 17,340.41	$ 72,917.84	$ 17,688.95
Urban Nature Center issued November 3, 2003 for $270,000.00 maturing semi-annually from 2004 through 2023 bearing an interest rate of 2%	123,552.58	14,390.00	109,162.58	14,679.25
Bayonne and Waterfront Parks issued December 29, 2005 for $498,391.00 maturing semi-annually from 2006 through 2025 bearing an interest rate of 2%	279,629.76	25,525.94	254,103.82	26,039.02
Bayonne Gregg Park Development originally issued February 23, 2009 for $250,000.00 maturing semi-annually from 2009 through 2028 bearing an interest rate of 2%	177,184.83	12,062.11	165,122.72	12,304.57
Mercer Park originally issued December 29, 2005 for $495,250.50 maturing semi-annually from 2006 through 2025 bearing an interest rate of 2%	174,463.20	37,430.75	137,032.45	38,183.11
West Hudson and Lincoln Parks - $650,259 Environmental Projects - $194,525 originally issued November 13, 2012 bearing an interest rate of 2%	704,968.19	57,903.32	647,064.87	59,067.17
Laurell Hill Park originally issued December 20, 2012 bearing an interest rate of 2%	847,791.07	42,328.80	805,462.27	43,179.61
Multi-Parks Playground originally issued August 19, 2013 bearing an interest rate of 2%	1,051,513.61	50,732.80	1,000,780.81	51,752.53
	$ 3,449,361.49	$ 257,714.13	$ 3,191,647.36	$ 262,894.21

NOTE D. COUNTY DEBT (continued)

DEBT SERVICE REQUIREMENTS TO MATURITY

The repayment schedule of annual long-term debt service principal for the next five years, and five year increments there-after, for bonds and loans issued and outstanding is as follows:

Year	Bond Principal	Green Loan Principal	Total
2017	23,735,000.00	262,894.21	23,997,894.21
2018	24,560,000.00	268,178.36	25,212,897.13
2019	24,385,000.00	273,568.76	25,023,128.35
2020	25,450,000.00	258,700.59	26,048,494.80
2021	26,275,000.00	224,175.30	26,811,595.76
2022-2026	88,840,000.00	1,107,513.23	91,095,894.06
2027-2031	60,203,000.00	633,261.42	61,398,356.46
2032-2036	5,536,000.00	163,355.49	5,858,423.01
Total	$ 278,984,000.00	$ 3,191,647.36	$ 285,446,683.78

COUNTY-GUARANTEED DEBT

The County has guaranteed the following debt of the Hudson County Improvement Authority (HCIA).

Orginal Guaranty			Guaranteed Debt Outstanding at:	
Date	Amount	Description	Dec. 31, 2015	Dec. 31, 2016
09/22/2005	$ 40,000,000.00	Harrison Stadium Project	$ 40,000,000.00	$ 40,000,000.00
09/22/2005	45,000,000.00	Harrison Parking Garage Project	45,000,000.00	45,000,000.00
08/25/2009	23,000,000.00	Bayonne Crossing Project	15,106,687.00	14,119,066.00
03/11/2010	12,500,000.00	Weehawken Port Imperial Parking Project	12,155,000.00	11,975,000.00
11/10/2010	95,000,000.00	Solid Waste System Revenue Refunding Bonds	80,695,000.00	78,890,000.00
03/03/2012	5,465,000.00	Renewable Energy Program Revenue Bonds	4,735,000.00	4,370,000.00
04/22/2011	18,000,000.00	830 Bergen Ave	15,670,000.00	14,915,000.00
12/10/2010	13,000,000.00	Lincoln Park Golf Course Project	12,440,000.00	12,245,000.00
12/11/2014	160,000,000.00	Career Technical High School	160,000,000.00	160,000,000.00
04/13/2009	300,000,000.00	Local Unit Loan Program Pooled Note Financing:		
		2015 Notes Series W / 2016 Series A	32,980,000.00	41,948,000.00
		2015 Notes Series X-1A / 2016 Series B	85,152,000.00	75,888,000.00
		2015 Notes Series Y / 2016 Series C	75,501,000.00	48,920,000.00
	$ 711,965,000.00		$ 579,434,687.00	$ 548,270,066.00

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Descriptions of County guarantees are as follows. Generally, the pursuant bond, note and loan obligations do not constitute obligations against the general credit of the County, except to the extent of the County Guarantee. Neither the debt nor the proceeds therefore are reflected on the accompanying financial statements, unless otherwise noted.

Local Unit Loan Program Pooled Note Financing - On August 13, 2009, the County adopted a Guaranty Ordinance fully, unconditionally and irrevocably securing the payment of principal and interest on certain notes to be issued by the HCIA (Pooled Note Financing) in an aggregate principal amount not exceeding $300,000,000 for the purpose of providing additional security therefor, consenting to such financing and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA has issued notes annually referred to as "County-Guaranteed Pooled Notes (Local Unit Loan Program)" – (the "program"). Local Units participating in the program are collectively referred to as "borrowers" in the paragraphs that follow. Notes issued under the program constitute direct, special and limited obligations of the HCIA and will be payable from and secured by payments made on general obligations notes purchased from each of the borrowers. The borrower's notes are direct and general obligations of each of the respective borrowers. The notes are not a debt of the County, except to the extent of the County guarantee.

Harrison Stadium Project - On September 22, 2005, the County guaranteed the payment of principal and interest on $40,000,000 County Guaranteed Stadium Land Acquisition Bonds (Harrison Stadium Project) issued by the HCIA. The proceeds of these bonds are to be used to purchase land to construct a multipurpose soccer stadium and amphitheater in the Town of Harrison. In 2006 the HCIA issued $39,400,345 Lease Revenue Bonds Series 2006 consisting of $30,529,047 Tax-Exempt County-Guaranteed Harrison Stadium Land Acquisition Special Obligation Capital Appreciation Bonds, Series 2006A-1 and $8,871,298 Federally Taxable County-Guaranteed Harrison Stadium Land Acquisition Special Obligation Capital Appreciation Bonds, Series 2006A-2.

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Harrison Parking Garage Project - On September 22, 2005, the County guaranteed the payment of principal and interest on $45,000,000 County Guaranteed Parking Revenue Bonds (Harrison Parking Garage Project) issued by the HCIA. The proceeds of these bonds are to be used to construct a 1,500 space parking facility to accommodate the stadium.

Bayonne Crossing Project - On August 25, 2009, the County adopted an ordinance authorizing the guaranty of payment of the payment of principal and interest on $23,000,000 County Guaranteed Pilot Revenue Bonds (Bayonne Crossing Project) issued by the HCIA for the purpose of providing additional security therfor and determining certain other matters in connection therewith.

Pursuant to this guarantee, on September 15, 2009, the HCIA adopted a resolution authorizing it to act as an applicant for a loan application with the New Jersey Environmental Infrastructure Trust Fund on the behalf of the Bayonne Local Redevelopment Agency for the acquisition of land and/or various infrastructure improvements associated with the Bayonne Shopping Center Project. The Bayonne Local Redevelopment Agency is responsible for the repayment of the loan by certain payments-in-lieu-of taxes (Annual Service Changes) made by Cameron Bayonne Urban Renewal, LLC (the redeveloper). The loan obligations do not constitute obligations against the general credit of the County, except to the extent of the County Guarantee.

Weehawken Port Imperial Parking Redevelopment Project - On March 11, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on $12,500,000 County Guaranteed Special Obligation Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Solid Waste System Revenue Refunding Bonds - On November 10, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on $95,000,000 County Guaranteed Solid Waste System Revenue Refunding Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued $84,945,000 of County-Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2010, consisting of:

- $31,815,000, Series 2010A Tax-Exempt Serial Bonds maturing in 2040 with interest rates ranging from 5.25% to 6%.
- $43,655,000, Series 2010B Tax-Exempt Serial and Term Bonds maturing in 2013 with interest rates ranging from 2% to 5%.
- $9,475,000, Series 2010C Federally Taxable Serial Bonds maturing in 2017 with interest rates ranging from 3%-5%.

The Bonds are being issued to refund on a current refunding basis the Refunded Bonds which are defined as the HCIA's Solid Waste System Revenue Bonds, Refunding Series 1998-1 (Non -AMT), Solid Waste System Revenue Bonds, Refunding Series 1998-2 (Non-AMT), Solid Waste System Revenue Bonds, Kopper Site Project Series 1998A (AMT) and Solid Waste System Revenue Bonds, Federally Taxable Series 1998B. In addition, proceeds of the Bonds will be applied to fund a Bond Reserve Fund, and pay the costs and expenses associated with the issuance of the Bonds. During the year ended December 31, 2012, the HCIA refunded $45,055,000 of these bonds by issuing $45,605,000 Refunding Series 2012 Term Bonds. The bonds are not a debt or liability of the County, except to the extent of the County Guarantee.

Career Technical High School - On December 12, 2012, the County adopted Ordinance No. 713-12-2014 authorizing the guaranty of payment of principal and interest of bonds, notes or other obligations in an amount not to exceed $160,000,000 providing for a new Career Technical High School to be located in the Town of Secaucus for use by the County and any of its subdivisions, departments, agencies or instrumentalities, including without limitation the Board of School Estimate of the Hudson County Vocational School District.

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT WITH RENTAL PAYMENTS

Lincoln Park Golf Course Project - On December 10, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on $13,000,000 County Guaranteed Golf Course Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued $12,995,000 of County-Guaranteed Lease Revenue Bonds, Series 2011, consisting of serial and term bonds interest rates of 2% to 4.75% finally maturing in 2041. The proceeds of these bonds are used to finance the cap and closure of a municipal landfill and the construction of a public, nine-hole golf course thereon, together with all materials and work necessary therefor or incidental thereto (the "Project") and pay costs of issuance associated with the Project.

These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA. However, the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the bonds when due and other expenses of the HCIA and the Trustee. The amount of the County's future minimum payments under the agreement is as follows:

Lincoln Park Golf Course - Minimum Future Payments

Year	Total Lease Payments	Principal	Interest
2017	772,873.76	200,000.00	572,873.76
2018	806,773.76	240,000.00	566,773.76
2019	804,192.51	245,000.00	559,192.51
2020	805,908.13	255,000.00	550,908.13
2021	806,801.88	265,000.00	541,801.88
2022-2026	4,152,815.05	1,620,000.00	2,532,815.05
2027-2031	4,341,839.42	2,215,000.00	2,126,839.42
2032-2036	4,546,481.25	3,040,000.00	1,506,481.25
2037-2041	4,759,087.50	4,165,000.00	594,087.50
	$ 21,796,773.26	$ 12,245,000.00	$ 9,551,773.26

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT WITH RENTAL PAYMENTS (continued)

Renewal Energy Program - On December 8, 2011, the County adopted Ordinance No. 557-12-2011 authorizing the guaranty of payment of principal and interest on $8,000,000 of County Guaranteed Renewable Energy Program Lease Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith. Pursuant to this guarantee, the HCIA issued $5,465,000 in County – Guaranteed Renewable Energy Lease Revenue Bonds, Series 2012A.

These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA. However, the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the bonds when due and other expenses of the HCIA and the Trustee.

The amount of the County's future minimum payments under the agreement is as follows:

Renewable Energy Program - Minimum Future Payments

Year	Total Lease Payments	Principal	Interest
2017	534,169.00	365,000.00	169,169.00
2018	523,146.00	365,000.00	158,146.00
2019	510,990.00	365,000.00	145,990.00
2020	497,943.00	365,000.00	132,943.00
2021	483,999.00	365,000.00	118,999.00
2022-2026	2,192,183.00	1,825,000.00	367,183.00
2027-2028	105,660.00	72,000.00	33,660.00
	$ 4,848,090.00	$ 3,722,000.00	$ 1,126,090.00

NOTE D. COUNTY DEBT (continued)

MORTGAGE PAYABLE AND COUNTY-GUARANTEE OF DEBT

Acquisition of Bergen Avenue Property - On April 22, 2011, the County adopted Ordinance No. 415-9-2011 authorizing the guaranty of payment of principal and interest on $18,000,000 of County Guaranteed Special Acquisition Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued $17,835,000 of County-Guaranteed Special Acquisition Bonds, Series 2011, consisting of serial and term bonds with interest rates of 2% to 4.5% finally maturing in 2031. The proceeds of the bonds are being used to finance the acquisition and improvements to 830 Bergen Avenue (the "Property"), fund the debt service reserve fund, fund capitalized interest on the bonds from the date of the bonds through and including November 15, 2012, and pay costs of issuance associated with the Property.

On November 30, 2011, the HCIA purchased the Property located at 830 Bergen Avenue in Jersey City, New Jersey containing approximately 110,000 square feet of office space and associated parking for approximately one hundred and fifty cars and converted the Property into two condominiums. The HCIA retained one of the condominiums consisting of one floor of office space and a 12.5% interest in the Property and the second condominium was sold to the County consisting of seven floors of office space and an 87.5% interest in the Property pursuant to an installment purchase agreement.

The County has financed the installment purchase agreement through the adoption of Ordinance No. 416-9-2011 on September 22, 2011. The purchase of the property was $8,175,115. The remaining proceeds of the 2011 bonds are being held by a trustee to pay bills associated with improvements of the property and other associated costs as submitted by the County and HCIA. Should any funds remain, they will be used to pay down the related debt, reducing the liability of the County. Accordingly, a liability has been established on the books of the County for its pro-rata share of the purchase price and subsequent improvements. 87.5% of costs incurred and submitted to the trustee are charged to the improvement authorization, and mortgage payable, established to track the County's share of costs paid by the trustee, is correspondingly increased.

As of December 31, 2016 and 2015, the County's mortgage payable due to the HCIA was $11,226,250.00 and $11,886,875.00, respectively. Assuming the entirety of bond proceeds are utilized under the project, the County would be obligated to pay its full share of the HCIA obligation, with the total remaining payments due to the HCIA in accordance with the following amortization schedule:

NOTE D. COUNTY DEBT (continued)

MORTGAGE PAYABLE AND COUNTY-GUARANTEE OF DEBT (continued)

The amount of the outstanding bonds issued by the HCIA under the agreement over the amount of the installment payments due by the County is a guarantee of the County, though not a direct liability. The outstanding balance of the bonds issued by the HCIA pursuant to the guarantee as of December 31, 2016 and 2015 was $15,670,000 and $15,670,000, respectively. These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA as pledged and are not a debt or liability of the County, except to the extent of the County Guarantee and the County's obligations under the aforementioned installment purchase agreement.

Bergen Avenue Installment Payment Obligations
Assuming Full Utilization of Bond Proceeds for Improvements

Year	Total	Principal	Interest
2017	1,187,982.04	678,125.00	509,857.04
2018	1,185,001.56	691,250.00	493,751.56
2019	1,188,731.25	713,125.00	475,606.25
2020	1,184,837.50	730,625.00	454,212.50
2021	1,186,237.50	761,250.00	424,987.50
2022-2026	5,936,065.63	4,283,125.00	1,652,940.63
2027-2031	5,932,762.50	5,193,125.00	739,637.50
	$ 17,801,617.98	$ 13,050,625.00	$ 4,750,992.98

BOND ANTICIPATION NOTES PAYABLE

The County issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes may be paid no later than the close of the tenth fiscal year next following the date of the original notes. The Division also prescribes that notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

NOTE D. COUNTY DEBT (continued)

BOND ANTICIPATION NOTES PAYABLE

As of December 31, 2016 and 2015, the County had outstanding total outstanding Bond Anticipation Notes of $83,976,156.00 and $84,976,156.00 respectively, as highlighted in the table below:

ACTIVITY OF BOND ANTICIPATION NOTES

Balance: December 31, 2015				Balance: December 31, 2016		
Interest Rate	Maturity Date	Balance	Budget Appropriation	Amount	Maturity Date	Interest Rate
$84,976,156 Bond Anticipation Notes Originally issued December 18, 2015						
Equipment, Furnishings and Vehicles, Ord. No. 536-11-2008						
2.00%	12/16/2016	20,360,000.00	1,000,000.00	19,360,000.00	12/14/2017	2.50%
Various Capital Improvements, Ord. No. 276-07-2009						
2.00%	12/16/2016	5,210,000.00	-	5,210,000.00	12/14/2017	2.50%
Various 2012 Capital Improvements, Ord. No. 265-05-2012						
2.00%	12/16/2016	28,267,156.00	-	28,267,156.00	12/14/2017	2.50%
Various 2013 Capital Improvements, Ord. No. 719-12-2013						
2.00%	12/16/2016	31,139,000.00	-	31,139,000.00	12/14/2017	2.50%
		$ 84,976,156.00	$ 1,000,000.00	$ 83,976,156.00		

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

The County has authorized but not issued bonds and notes as noted in the table that follows, in the General Capital Fund, and which includes authorizations for General, Community College and Technical School capital projects.

The following activity relates to bonds and notes authorized but not issued that occurred during the year ended December 31, 2016:

	Increased by:		Decreased by:			
Balance, Dec. 31, 2015	Debt Authorized	Notes Matured	Bond Issued & Notes Renewed	Grants, Aid & Loans	Budget Appropriations	Balance, Dec. 31, 2016
$ 146,369,736.89	$ 12,660,000.00	$ 84,976,156.00	$ 97,076,156.00	$ 191,308.29	$ 1,500,000.00	$ 145,238,428.60

NOTE D. COUNTY DEBT (continued)

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

	Gross Debt	Deductions	Net Debt
General Debt	$ 1,059,660,297.96	$ 601,783,662.41	$ 457,876,635.55

Net debt, $457,876,635.55 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, $65,188,015,895.67 equals 0.702%. Equalized valuation basis is the average of the equalized valuations of real estate, including improvements, and the assessed valuation of class II Railroad Property of the County for the last 3 preceding years.

BORROWING POWER UNDER N.J.S.A. 40A:2-6, AS AMENDED

2% of Equalized Valuation Basis	$ 1,303,760,317.91
Net Debt	457,876,635.55
Remaining Borrowing Power	$ 845,883,682.36

NOTE E. FUND BALANCES APPROPRIATED

Fund balance of the County consists of cash surplus and non-cash surplus. The County can anticipate fund balance to support its budget of the succeeding year, however, use of non-cash surplus is subject to the prior written consent of the Director of the Division. Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in the succeeding year were as follows:

	Fund Balance Dec. 31, 2015	Utilized in 2016 Budget	Fund Balance Dec. 31, 2016	Utilized in 2017 Budget
Current Fund	$ 26,642,751.15	$ 23,500,000.00	$ 38,057,426.48	$ 34,614,535.00
Capital Fund	751,973.38	-	751,973.38	-
Affordable Housing Utility Operating Fund	379,742.75	250.00	379,742.75	-

The accounting principles and requirements prescribed by the Division do not provide for reservations or designations of fund balance on the financial statements.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all County employees participate in the Consolidated Police and Fireman’s Pension Fund (CPFPF), Public Employees Retirement System (PERS), Police and Fireman’s Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey, with the exception of the CPFPF, which is a single employer plan. The CPFPF, PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

In addition, certain employees participate in the following plans: Hudson County Employees’ Pension Fund, Court Attendant’s Pension Fund, Non-Contributory Pension Fund and Veterans’ Pension Fund.

STATE-MANAGED PENSION PLANS - CPFPF

The Consolidated Police and Fireman's Pension Fund (CPFPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. The County currently only makes contributions for its retirees who are enrolled in this pension fund. During the years ended December 31, 2016, 2015 and 2014, the County contributed $36,691.48, $60,554.16and $56,805.28, respectively.

STATE-MANAGED PENSION PLANS – PERS (PROSECUTORS PART)

Chapter 366, P.L. 2001, established a special Prosecutors Part within the Public Employees’ Retirement System (PERS), effective January 7, 2002. Chapter 1, P.L. 2010, closed the Prosecutors Part of the PERS to new members as of May 21, 2010. Prosecutors who were enrolled on or before May 21, 2010, remain members of the Prosecutors Part of the PERS, provided that they continue in eligible prosecutor service. Prosecutors taking office after May 21, 2010, will be enrolled as “regular” Tier 4 members of the PERS - except that a County Prosecutor who is appointed by the Governor with the advice and consent of the Senate will be enrolled in the Defined Contributions Retirement Program (DCRP) or regular PERS if a Tier 1 PERS member continuously since July 1, 2007.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS

Plan Description and Eligibility

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is as follows:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

Tier 1 and 2 employees must earn a base salary of $1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended June 30, 2016 and 2015 this base salary amount was $8,300 and $8,200, respectively. Employees earning between $5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over $5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Plan Benefits

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the County and its employees for the previous three years are as follows:

	County Contribution			Employee Contributions			
Year Ended Dec. 31,	Amount Paid or Charged	As a Percentage of Base Wages	Base Wages Subject to Contributions	Amount Contributed	As a Percentage of Base Wages: Prosecutor	As a Percentage of Base Wages: Regular	
2016	$ 11,626,939.88	11.8%	$ 98,625,839	7,137,155.30	10.00%	7.20%	(1)
2015	10,824,160.09	11.4%	94,903,000	6,744,997.70	10.00%	7.06%	(1)
2014	10,745,777.77	11.7%	91,542,787	6,397,333.10	10.00%	6.92%	(1)

(1) Rates change to that noted on July 1 of each year.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Contributions and Liability (continued)

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016 and 2015, the County's net pension liability for PERS, including the County's proportionate share, was as follows:

Year Ended	Proportionate Share		Net Pension
June 30,	Rate	Change	Liability
2016	1.40309%	0.06393%	$ 415,555,309
2015	1.33916%	0.02867%	300,613,660

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability of the as of June 30, 2016 and 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2016		2015	
At:	Rate	Amount	Rate	Amount
1% Decrease	2.98%	$ 509,214,528	3.9%	$ 373,625,998
Current Discount Rate	3.98%	415,555,309	4.9%	300,613,660
1% Increase	4.98%	338,231,505	5.9%	239,400,644

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021	1.65-4.15% based on age	2.15-4.40% based on age
Thereafter	2.65-5.15% based on age	3.15-5.40% based on age
Investment Rate of Return	7.65%	7.90%

Mortality – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on theRP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements inmortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% and 7.90% at June 30, 2016 and 2015, respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

	Target Allocation June 30,		Real Rate of Return June 30,	
Asset Class	2016	2015	2016	2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Gredit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds/Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year for the June 30, 2016 measurement date and the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions for the June 30, 2015 measurement date.

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 and 2033 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after those dates in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2016 and 2015:

	June 30, 2016			June 30, 2015		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	$ 86,080,863	$ -	$ 86,080,863	$ 32,283,506	$ -	$ 32,283,506
Difference Between Expected and Actual Experience	7,728,069	-	7,728,069	7,171,586	-	7,171,586
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,845,502	-	15,845,502	-	(4,833,289)	(4,833,289)
Changes in Proportion	17,008,070	-	17,008,070	8,425,621	-	8,425,621
	$ 126,662,504	$ -	$ 126,662,504	$ 47,880,713	$ (4,833,289)	$ 43,047,424

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Deferred Outflows and Inflows of Resources (continued)

Year Ended June 30,		
2017	$	28,818,126
2018		28,818,126
2019		32,473,656
2020		27,420,573
2021		9,132,023
Thereafter		-
	$	126,662,504

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Plan Benefits

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the County and its employees for the previous three years are as follows:

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

	County Contribution			Employee Contributions	
Year Ended Dec. 31,	Amount Paid or Charged	As a Percentage of Base Wages	Base Wages Subject to Contributions	Amount Contributed	As a Percentage of Base Wages
2016	$ 12,751,037.01	27.4%	$ 46,462,822	$ 4,645,679.57	10.00%
2015	12,466,412.50	26.2%	47,573,990	4,757,399.00	10.00%
2014	12,103,521.35	24.9%	48,614,427	4,861,442.70	10.00%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the County under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the County does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the County related to this legislation. However, the notes to the financial statements of the County must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the County.

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At June 30, 2016 and 2015, the County's net pension liability for PFRS, including the special funding situation described above and changes in the County's proportionate share, was as follows:

	City (employer)			State of N.J. (Nonemployer)	
	Proportionate Share				
Year Ended June 30,	Rate	Change	Net Pension Liability	On-Behalf of County	Total
2016	1.29069%	-0.27240%	$ 289,030,742	$ 24,271,413	$ 313,302,155
2015	1.56309%	-0.05626%	260,356,979	22,832,433	283,189,412

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability of the as of June 30, 2016 and 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2016		2015	
At:	Rate	Amount	Rate	Amount
1% Decrease	4.55%	$ 372,683,948	4.79%	$ 343,233,155
Current Discount Rate	5.55%	289,030,742	5.79%	260,356,979
1% Increase	6.55%	220,816,584	6.79%	192,778,862

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021	2.10-8.98% based on age	2.60-9.48% based on age
Thereafter	3.10-9.98% based on age	3.60-10.48% based on age
Investment Rate of Return	7.65%	7.90%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Mortality **–** For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Health Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in most recent fiscal year, for the measurement date of June 30, 2016, and on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions, for the measurement date of June 30, 2015. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050 and 2045 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and 2045 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2016 and 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Asset Class	Target Allocation June 30, 2016	Target Allocation June 30, 2015	Long-Term Expected Real Rate of Return June 30, 2016	Long-Term Expected Real Rate of Return June 30, 2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Gredit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yeild Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds/Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2016 and 2015:

	June 30, 2016 Deferred Outflows of Resources	June 30, 2016 Deferred Inflows of Resources	June 30, 2016 Net Deferred Outflow / (Inflow)	June 30, 2015 Deferred Outflows of Resources	June 30, 2015 Deferred Inflows of Resources	June 30, 2015 Net Deferred Outflow / (Inflow)
Changes of Assumptions	$ 40,033,133	$ -	$ 40,033,133	$ 48,068,366	$ -	$ 48,068,366
Difference Between Expected and Actual Experience	-	(1,894,639)	(1,894,639)	-	(2,245,661)	(2,245,661)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,251,803	-	20,251,803	-	(4,531,284)	(4,531,284)
Changes in Proportion	6,368,890	(12,055,133)	(5,686,243)	6,418,151	(6,170,391)	247,760
	$ 66,653,826	$ (13,949,772)	$ 52,704,054	$ 54,486,517	$ (12,947,336)	$ 41,539,181

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2017	$	12,865,233
2018		12,865,233
2019		18,061,927
2020		9,317,948
2021		(406,287)
Thereafter		-
	$	52,704,054

STATE-MANAGED PENSION PLANS – GENERAL
The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

PERS and PFRS Fiduciary Net Position

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information and detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or accessed at www.state.nj.us/treasury/pensions.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (the "DCRP"), was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limits and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that do not earn below the minimum PFRS or PERS salary but more than $5,000 annually. Participation in DCRP can be irrevocably waived if an official earns less than $5,000.

Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions was based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments.

The following table represents the County and employee contributions during the previous three years:

Year	Employee Contributions		County Contributions	
Ended	Amount	Rate	Amount	Rate
Dec. 31, 2016	$ 89,097.97	5.50%	$ 48,598.89	3.0%
Dec. 31, 2015	71,902.00	5.50%	39,219.27	3.0%
Dec. 31, 2014	34,732.89	5.50%	18,945.21	3.0%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

COUNTY OF HUDSON EMPLOYEES PENSION FUNDS

The County administers the County Employees' Pension Fund and the Court Attendants' Pension Fund, which are contributory pension plans which are closed to new memberships. The County also awards non-contributory pensions by resolution of the Board of Chosen Freeholders for certain veterans and County employees who were not eligible to join other pension plans. The following is an analysis of pension contributions expended by the County for these plans expended in each of the last three years:

	2016	2015	2014
County Contributory Plans:			
County Employees' Pension Fund	$ 1,525,000.00	$ 1,525,000.00	$ 1,525,000.00
Court Attendants' Pension Fund	415,240.96	474,106.91	535,000.00
County Non-Contributory Plans:			
Non-Contributory County Pension Fund	2,367,203.62	2,404,717.24	2,491,087.28
Veterans' Pension Fund	-	-	-

DEFERRED COMPENSATION PLAN

The County has established a deferred compensation program for its employees under Section 457 of the Internal Revenue Code. The Plans are a tax-deferred supplemental retirement program that allows County employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the County's general creditors.

NOTE G. POST-EMPLOYMENT BENEFITS

The County contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the Program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/ substance abuse and Medicare part B reimbursements to retirees and their covered dependents.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The County will pay the cost of Health Benefits Insurance for retirees and their dependents, if the retiree:

1. Receives retirement benefits from a state or locally administered retirement system; and
2. Has 25 or more years of service credited in that retirement system; or
3. Retired on an approved Disability Retirement (regardless of years of service).

Employees who do not qualify for County-paid Health Benefits insurance at retirement may be eligible to continue Health Benefits insurance at their own expense upon retirement. Employees who elect Deferred Retirement are not eligible for these benefits.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: *www.state.nj.us/treasury/pensions.*

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an accrual basis.

Contributions to pay for health premiums of participating County retirees in the SHBP are billed to the County on a monthly basis. Payments are made through an annual appropriation in the line item "Insurance – Group Plans for Employees". The County contributions to SHBP for the years ended December 31, 2016, 2015 and 2014 were $13,702,798.96, $12,234,983.73and $10,956,507.92, respectively, which equaled the required contributions for each year. There were approximately 994, 967 and 865 retired participants eligible at December 31, 2016, 2015 and 2014, respectively.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employee-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health benefits coverage by all active public employees. Employees who become a member on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

Post-Retirement Medical Benefits Contribution - P.L. 1990, c. 6 required PERS to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement medical benefits through PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees. As of June 30, 2012, there were approximately 94,000 retirees receiving post-retirement medical benefits, and the State contributed $935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC),* an amount actuarially determined in accordance with the parameters of the GASB Codification of OPEB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for PERS retirees' postretirement benefits on behalf of the County was not determined or made available by the State of New Jersey.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress - As of June 30, 2014, the most recent actuarial valuation date, the State had an $16.4 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions - In the June 30, 2014, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

NOTE H. COMPENSATED ABSENCES

County policy permits employees to carry over one year's accrued unused vacation days and to carry over all unused sick days. The maximum payment for unused sick days is $10,000. This payment is made only to employees eligible for retirement and is based upon one-third of their accumulated sick leave. Should an employee die after having met the age and service requirements for a regular pension, the compensation for unused sick leave will be paid to the employee's estate. As of December 31, 2016 and 2015, the total accumulated absence liability was $25,262,767.56 and $25,430,124.63, respectively. Under accounting principles prescribed for counties by the Division, such amount is not reported either as an expenditure or liability. The County pays for these costs on a pay-as-you-go basis and charges such costs to the Salaries and Wages line of the respective departments from which the costs derived. As of December 31, 2016 and 2015, the County has reserved $4,423,259.46, each year, for the future payment of compensated absences.

NOTE I. RISK MANAGEMENT

Insurance Coverage

The County established a self-insurance program in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including property damage caused to any of the unit's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability for the unit's negligence, including that of its officers, employees and servants and workers' compensation obligations.

The County self-insures against such claims, including tort law suits, civil law suits, civil rights and worker's compensation. The County maintains a self-insurance fund, which at December 31, 2016 and 2015 held $346,190.44 and $450,015.83, respectively. The County contributed $8,750,000 and $9,500,000, respectively, to the fund during the years ended December 31, 2016 and 2015. The County has obtained the following coverage:

- General liability, including automobile and workers' compensation with limits of $10,000,000 per occurrence and $20,000,000 aggregate after exhaustion of a retained limit of $750,000.
- Storage tank system and clean up policy for limits of $1,000,000 and $1,000,000 aggregate, including a deductible of $25,000 for each claim.
- Property and business interruption sub-policy claims for limits of $200,000,000 per occurrence with individual sub-policy claim limits.
- Surety bond coverage of $50,000 for various County officials, a $350,000 policy for the County Executive and a $1,500,000 policy for the Chief Financial Officer.

Disaster Recovery

The County has prepared an internal disaster recovery plan in an effort to protect its financial processes and data in the event an unforeseen disaster should occur. Three external servers, each at a different location, are being maintained and updated daily. A fourth server and location are currently under construction. Daily activity is updated to the external servers daily. In addition, a software program has been integrated which synchronizes data on a daily basis for storage on the external servers, and a second program which can restore said data from the external servers should the need arise. In addition, ADP provides external storage for payroll data and provides disks to the County of such information.

NOTE J. FIXED ASSETS

The County, through a third party vendor, completed a fixed asset inventory of all County assets as of December 31, 2015. The County had the following investment balance and activity in general fixed assets for and as of the year ended December 31, 2016 and 2015.

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	$ 75,517,141.63	$ -	$ -	$ 75,517,141.63
Buildings	287,788,610.86	3,797,162.63	-	291,585,773.49
Infrastructure	7,981.50	-	-	7,981.50
Equipment, Vehicles and Furniture	81,140,443.77	5,584,114.99	80,355.00	86,644,203.76
Total	$ 444,454,177.76	$ 9,381,277.62	$ 80,355.00	$ 453,755,100.38

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

NOTE K. INTERFUND TRANSACTIONS

The County has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Federal and State Grant, Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers.

NOTE L. COMMITMENTS AND CONTINGENCIES

CAPITAL LEASE PROGRAM OBLIGATIONS

Hudson County Lease-Purchase Agreement (Correctional Facility) - In connection with a New Jersey Superior Court-ordered construction of a correctional facility within the County, the County entered into a lease-purchase agreement with Hudson County Funding Company, Inc. (HCFC) on November 1, 1988 to fund the construction of the facility. The term of the agreement was from November 1, 1988 to December 1, 2021. Concurrent with the signing of the agreement with HCFC, the County arranged for the issuance of $104,500,000 in Certificates of Participation. The Certificates represented proportionate interests in the rental payments to be made by the County to HCFC with principal payments commencing in 1992 and interest payments commencing in 1989.

The lease-purchase agreement was amended on July 1, 1990 with the term of the agreement becoming effective July 1, 1990 to December 1, 2021. Additional Certificates of Participation in the amount of $19,100,000 were concurrently issued with principal payments commencing in 1992 and interest payments commencing in 1990.

On April 1, 1992, the 1988 and 1990 series Certificates of Participation were refunded and replaced with the issuance of $135,635,000 series 1992 Refunding Certificates of Participation, which in turn were replaced on May 15, 2002 via the "Forward Certificate Purchase Contract" with the issuance of $118,915,000 series 2002 Refunding Certificates of Participation. The term of the 2002 series Refunding Certificates of Participation is from May 15, 2002 to December 1, 2021.

In addition to the Lease-Purchase Agreements for the initial project as described above, the County entered into a Lease-Purchase Agreement with AGH Leasing, Inc. on September 1, 1998 to fund the construction of a new dormitory housing facility, kitchen facility and related upgrades for the expansion.

On June 22, 2000, the County authorized $31,000,000 to finance the additional costs of the project. Of the $31,000,000 authorized, the County, on December 15, 2002, issued $25,220,000 in Series 2002A Certificates of Participation relating to this Agreement. The Certificates represent proportionate interests in the rental payments to be made by AGH Leasing, Inc. Principal payments commenced December 1, 2005 and continue annually through 2012 for the serial portion, and will then be applied annually from December 1, 2013 through 2021 for mandatory sinking fund payments. Interest is paid semiannually, and commenced June 1, 2005. Capitalized interest of $2,078,574.33 was paid upon issuance, covering the semiannual dates preceding June 1, 2005.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

On April 30, 2004, the County issued $5,780,000 in Series 2004 Certificates of Participation, representing the balance of the $31,000,000 debt authorized to finance the project described in the above paragraph. Principal payments commenced December 1, 2005 and continue annually through 2016 for the Serial portion, and will then be applied annually from December 1, 2017 through 2021 for mandatory sinking fund payments. Interest is paid semiannually, and commenced December 1, 2005. Capitalized interest of $245,014.88 was paid upon issuance, covering the semiannual dates preceding December 1, 2005.

$17,155,000 of refunding Certificates of Participation were issued August 8, 2013. The proceeds of the Series 2013 Certificates will be used to provide funds, together with other available funds held by the County and Manufacturers and Traders Trust Company, New York, New York (the “Trustee”), to advance refund a portion of the originally issued $25,220,000 aggregate principal amount of Certificates of Participation, Series 2002A in the form of term certificates maturing on December 1, 2021 in the aggregate principal amount of $14,060,000 and any redemption premium associated with such refunding; advance refund a portion of the originally issued $5,780,000 aggregate principal amount of Certificates of Participation, Series 2004 maturing December 1, 2014 through and including December 1, 2016 and the term certificates maturing on December 1, 2021 in the aggregate principal amount of $3,180,000; (pay the premium for the Debt Service Reserve Credit Facility in order to fund the Debt Service Reserve Fund; and pay the costs and expenses incurred in connection with the issuance of the Series 2013 Certificates.

The following is an analysis of the correctional facility lease payments to be made by the County through maturity for the remaining Certificates of Participation:

Year	Total Lease Payment	Principal	Interest
2017	$ 13,421,700.00	$ 9,935,000.00	$ 3,486,700.00
2018	13,420,825.00	10,575,000.00	2,845,825.00
2019	13,427,625.00	11,270,000.00	2,157,625.00
2020	13,426,100.00	12,000,000.00	1,426,100.00
2021	13,420,550.00	12,800,000.00	620,550.00
	$ 67,116,800.00	$ 56,580,000.00	$ 10,536,800.00

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Lease – 1992 Facility Lease Revenue Bonds - On December 1, 1992, the HCIA issued Facility Lease Revenue Bonds (the 1992 Bonds) in the aggregate principal amount of $112,700,000. The 1992 Bonds were issued to provide funds for (a) the costs of acquisition, construction, installation and equipping of: (i) a 590-bed long-term care facility to be located in the County; (ii) a 66-bed youth house facility; (iii) a police and fire training academy; and (iv)other public facilities to be provided to and used by the County, including County administrative offices (the facilities described in items (i) through (iv) are collectively referred to as the 1992 Facilities) for lease to the County; (b) funding capitalized interest on the 1992 Bonds; and (c) the payment of costs of issuing the 1992 Bonds.

In connection with the issuance of the 1992 Bonds by the HCIA, the HCIA and the County entered into a lease agreement providing for, among other things, the lease of the real property and the construction thereon of the 1992 Facilities by the HCIA, and upon acquisition, construction, installation or equipping of the 1992 Facilities, the payment of rental payments to the HCIA by the County for the County's lease of the 1992 Facilities.

The construction and equipping of the new 590-bed long term care facility (hereafter referred to as the New Hospital Facility) was planned to combine the operations at both the Meadowview Nursing Center and the B.S. Pollak Hospital (together, the Hospitals). The Hospitals were acquired and improved by the Authority with the proceeds of the 1992 Bonds and leased back to the County.

In 1996 the construction of the New Hospital Facility was discontinued and the County and the HCIA determined to transfer the operation, and ultimately the ownership, of the Hospitals to Progressive Health Care of Hudson County Inc. (Progressive), a private company, pursuant to a lease and purchase agreement (the Transfer Agreement). The conveyance of the Hospitals to Progressive resulted in private use of the Hospitals.

In a Letter Ruling dated November 19, 1996 (the Letter Ruling), the IRS determined that in order to effectuate the transfer of the Hospitals to Progressive without adverse tax consequences, the HCIA would be required to make a tender offer to holders of $26,735,000 of the 1992 Bonds, and defease any of the 1992 Bonds for which the tender offer was made but which were not acquired in the tender offer with moneys other than tax-exempt bond proceeds, at a rate restricted to the yield on the 1992 Bonds.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

On February 14, 1997, the HCIA received and accepted for purchase $21,360,000 of the 1992 Bonds. The HCIA defeased the $5,375,000 balance of its 1992 Bonds in accordance with the IRS Letter ruling, for a total issue of $26,735,000. The HCIA used a portion of the 1997 Bonds to (i) pay the tender price to the holders of the Tendered Bonds and (ii) defease the bonds.

On August 1, 1998, the HCIA issued $91,575,000 of Facility Lease Revenue Refunding Bonds. The series 1998 Bonds were issued to advance refund all of the HCIA's outstanding $85,635,000 1992 bonds and pay the costs of issuance of the series 1998 Bonds. The series 1998 bonds are direct and special obligations of the authority payable from and secured by the revenues of the HCIA which are derived from lease of facilities to the County (from County Rental Payments); investment income from related funds; and other related monies, securities and funds.

On March 12, 2004, the HCIA entered into a forward bond purchase contract for the benefit of the County to purchase up to $71,520,000 of the outstanding 1998 bonds between October 1, 2008 and October 1, 2010 through the issuance of bonds (the "Future Bonds") during that period, provided that the debt service on the 1998 Bonds purchased. The HCIA exercised its right to issue the Future Bonds.

On November 30, 2010, the HCIA, at the consent of the County, as lessee, issued the $65,9000,000 Facility Lease Revenue Refunding Bonds, Series 2010 to call all of the outstanding $91,575,000 1998 Bonds.

The 2010 Bonds are guaranteed by the County and mature annually through 2025. The combined remaining debt service on the 1997 Bonds facility lease, with interest rates ranging from 7.3% to 7.7% and the 2010 Bonds facility lease, with interest rates ranging from 5.25% to 5.40%, is as follows:

Year	Total Lease Payment	Principal	Interest
2017	8,957,258.76	5,415,000.00	3,542,258.76
2018	8,954,933.76	5,705,000.00	3,249,933.76
2019	8,961,183.76	6,020,000.00	2,941,183.76
2020	8,959,688.76	6,345,000.00	2,614,688.76
2021	8,960,333.76	6,720,000.00	2,240,333.76
2022-2025	35,826,091.26	31,080,000.00	4,746,091.26
	$ 80,619,490.06	$ 61,285,000.00	$ 19,334,490.06

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Improvement Authority - 1996 Facility Lease Taxable Revenue Bonds - On December 24, 1996, the HCIA issued Facility Lease Taxable Revenue bonds in the aggregate principal amount of $29,660,000 (Administrative Building Projects, Series 1996, hereinafter referred to as the 1996 Bonds) at a rate of 7.37%. The Bonds were determined to be taxable by an IRS ruling, because the facility was being used as a private-use facility (hospital). The 1996 Bonds are special obligations of the HCIA payable from and secured by Revenues which are derived from the lease of the Facility to the County and investment income derived from funds held under the Resolution.

The 1996 Bonds were issued to provide funds for (a) the costs of the purchase from the County of the land and improvements thereupon located at 595 Newark Avenue in the City of Jersey City, County of Hudson, New Jersey, being more commonly known as the County Administration Building (hereinafter, the Facility), (b) the costs of additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of the Facility, and (c) the payment of the costs of issuing the 1996 Bonds.

Upon acquisition of the facility, the HCIA leased the Facility back to the County for use pursuant to the terms of an agreement entitled Lease and Agreement between County of Hudson, New Jersey and Hudson County Improvement Authority, dated as of December 1, 1996, (the Lease Agreement).

Under the terms of the Lease Agreement, the County is required to make rental payments to the HCIA sufficient, among other things, to pay or provide for the payment of debt service on the 1996 Bonds as well as certain expenses of the HCIA and the Trustee relating to the 1996 Bonds and the Facility.

The obligation of the County to make rental payments and to pay other amounts which are provided for in the Lease Agreement and to perform its obligations hereunder are absolute and unconditional, and such Rental Payments and other amounts shall be payable without rights of set-off, recoupment or counterclaim the County might have against the HCIA, the Trustee or any other person and whether or not the Facility is used or available for use by the County. The County is required to make the Rental Payments out of the first funds becoming legally available to the County for this purpose and to provide funds for such payments to the HCIA, if not otherwise available, from the levy of ad valorem taxes upon all the taxable real property in the County without limitation as to rate or amount. The County made its final lease payment in 2016.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Improvement Authority 2005 Secured Lease Revenue Bonds - On April 1, 2005, the HCIA issued County Secured Lease Revenue Bonds in the amount of $29,505,000. The proceeds of the bonds will be used to (a) finance the acquisition, renovation and improvements to the Block Drug Building and the Block Drug Building Site (b) finance the acquisition, renovation and improvement to the Additional County Site (c) pay 12 months capitalized interest on the 2005 bonds, (d) pay costs of issuance associated with the issuance of the Series 2005 bonds, and (e) establish a bond reserve fund.

The Series 2005 Bonds are special obligations of the HCIA payable from and secured by, (i) Revenues of the HCIA which are derived from: (a) the lease of the Facilities to the County pursuant to the provisions of a lease agreement by and between the HCIA and the County dated as of April 1, 2005(the “Lease Agreement”), under which the County is obligated to make Rental Payments sufficient, among other things, to pay debt service on the Series 2005 Bonds, (b) investment income derived from funds held under the Resolution,(ii) an assignment of the lease Agreement to the Trustee for the Series 2005 Bonds by the HCIA, and (iii) by all monies, securities and funds held or set aside, or to be held or set aside pursuant to the Resolution (except monies in the Rebate Fund which are required to be rebated to the United States Government pursuant to the provisions of the Code in order to ensure that interest on the Series 2005 Bonds is not includable in gross income for federal income tax purposes).

On January 15, 2013, the HCIA issued $25,460,000 Lease Revenue Refunding Bonds, Series 203 (Hudson County Plaza Refunding Project) to provide funds to advance refund $24,010,000 of the outstanding 2005 Bonds, and to pay associated costs of issuance. Under the terms of the amended financing, the HCIA leased back its interest in this project to the County, and the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the Series 2013 Refunding Bonds when due, as well as other expenses of the HCIA and Trustee.

The 2013 Bonds consist of (i) serial bonds in the amount of $14,195,000 bearing interest rates ranging from 2.00% to 5.00% a year maturing from 2014 to 2028 in varying amounts ranging from $75,000 to $1,380,000, (ii) $5,935,000 term bond bearing interest at 3.22% a year, subject to mandatory sinking fund redemption from 2029 to 2032 (final maturity) in varying amounts from $1,420,000 to $1,550,000, (iii) $4,935,000 term bond bearing interest at 3.5% a year, subject to mandatory sinking fund redemption from 2033 to 2035 (final maturity) in varying amounts from $1,595,000 to $1,695,000.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

The following is an analysis of the lease payments to be made by the County through maturity:

Year	Total Lease Payment	Series 2013 Principal	Series 2013 Interest
2017	$ 1,756,338.00	$ 855,000.00	$ 901,338.00
2018	1,756,438.00	890,000.00	866,438.00
2019	1,755,137.00	925,000.00	830,137.00
2020	1,752,512.00	965,000.00	787,512.00
2021	1,748,137.00	1,010,000.00	738,137.00
2022-2026	8,720,438.00	5,860,000.00	2,860,438.00
2027-2031	8,679,536.00	7,100,000.00	1,579,536.00
2031-2035	6,912,470.00	6,485,000.00	427,470.00
	$ 33,081,006.00	$ 24,090,000.00	$ 8,991,006.00

Hudson County Improvement Authority Secured Lease Revenue Bonds Series 2007 - On July 11, 2007, the HCIA issued County Secured Lease Revenue Bonds in the amount of $27,490,000 at interest rates of 4.0%-5.0%. The proceeds of the bonds will be used to (a) finance the renovation of the facilities to house the relocation of a number of social services agencies that are currently leasing space from private owners,(b) pay 12 months capitalized interest on the 2007 bonds, (c) pay costs of issuance associated with the issuance of the Series 2007 bonds, and (d) establish a bond reserve fund. These Lease Revenue Bonds were subsequently partially refunded as noted in the following paragraph.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

HCIA Secured Lease Revenue Refunding Bonds, Series 2015 (Hudson County Plaza Completion Project Refunding Project) - On June 11, 2015 the HCIA issued $17,335,000 Lease Revenue Refunding Bonds, Series 2015 to provide funds to advance refund a portion of the HCIA's outstanding County Secured Lease Revenue Bonds Series 2007 (County Services Building Completion Project). The Refunding Plan calls for the Advance refunding of the Refunded Bonds, together with the interest payable thereon April 1, 2017. The Refunding Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturities and to pay certain costs of issuance of the Series 2015 Refunding Bonds. Under the terms of the amended financing, the HCIA leased back its interest in the Project to the County, and the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the Series 2015 Refunding Bonds when due and other expenses of the HCIA and the Trustee.

The following is an analysis of the lease payments to be made by the County through maturity:

	Total Lease	Series 2007		Series 2015	
Year	Payment	Principal	Interest	Principal	Interest
2017	901,233.00	-	180,845.00	-	720,388.00
2018	1,703,338.00	-	179,350.00	820,000.00	703,988.00
2019	1,700,562.00	-	179,350.00	855,000.00	666,212.00
2020	1,701,687.00	-	179,350.00	900,000.00	622,337.00
2021	1,655,687.00	-	179,350.00	900,000.00	576,337.00
2022-2026	8,476,688.00	-	896,750.00	5,460,000.00	2,119,938.00
2027-2031	8,475,713.00	-	896,750.00	6,675,000.00	903,963.00
2032-2035	6,858,218.00	4,925,000.00	420,375.00	1,485,000.00	27,843.00
	$ 31,473,126.00	$ 4,925,000.00	$ 3,112,120.00	$ 17,095,000.00	$ 6,341,006.00

Lincoln Park Golf Course Project – The County also entered into a lease agreement with the HCIA as part of an agreement regarding the financing of the Lincoln Park Golf Course Project. Refer to Note D "County-Guaranteed Debt" for further description of the matter.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

GRANT PROGRAMS

The County participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The state and federal grants received and expended in the years ended December 31, 2015 and 2014 were subject to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, which mandate that grant revenues and expenditures be audited in conjunction with the County's annual audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. These grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy, efficiency and program results. As a result of these audits, costs previously reimbursed could become disallowed and require repayment by the County to the grantor agency. As of December 31, 2015 and 2014, the County does not believe that any material liabilities will result from such audits.

SUBSIDY OF RECOVERY ZONE BONDS

During the year ended December 31, 2011, the County issued General Obligation Recovery Zone Economic Development Bonds in the amount of $20,700,000. By designating the Bonds as "Recovery Zone Economic Development Bonds," the County, through the HCIA, will receive cash subsidy payments from the United States Treasury equal to 45 percent of the interest payable on the Bonds on each interest payment date. Over the course of the bonds, through maturity in 2030, the County is due to receive $7,701,988.81 in subsidies in support of interest payable.

ARBITRAGE REBATE

The County is subject Section 148 of Internal Revenue Code, which was enacted to minimize the arbitrage benefits from investing gross proceeds of tax-exempt bonds in higher yielding investments and to remove the arbitrage incentives to issue more bonds, to issue bonds earlier, or to leave bonds outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes for which the bonds were issued. The County has obtained outside professional services to calculate and monitor the arbitrage requirements for certain bond issues. At December 31, 2016 and 2015 the County has reserved $2,450,000 to meet potential arbitrage requirements.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION

The County is a defendant in various lawsuits, none of which is unusual for a county of its size and should be adequately covered by the County's insurance program, defense program or by the County directly and which may be settled in a manner satisfactory to the financial stability of the County. The County self-insures and also carries excess insurance for all lines of coverage as described in Note I to the financial statements. It is anticipated that any judgments in excess of insured coverage would be paid by the County through future taxation or future debt borrowing. Litigation with potential substantial exposure exceeding $270,000 as noted by County Counsel is highlighted as follows.

- A.A.: This is a claim by a pedestrian of a slip and fall in a building that belongs to Hudson County, which resulted in injury.
- J.A.: This is an inmate lawsuit alleging injury and excessive force against the Correctional Center. This matter was filed in August 2017 so there is very little detail; however, given the fact that it alleges an assault and is brought under fee shifting theories it would have a potential to be valued in excess of $500,000.00.
- P.A.: This is a lawsuit brought by an outside service entity as well as three employees of the Correctional Center alleging all kinds of Civil Right violations with respect to their employment and their First Amendment Rights. The allegations as of this writing are brand new so at this time we cannot be more specific. However, because of the number of Plaintiffs and the fact that the theories are fee shifting, the case has a potential value in excess of $490,000.00.
- J.B.: This is an employment lawsuit against the Welfare Department alleging discrimination on the basis of a disability and gender. Because of the fee shifting nature of the theories of liability and the fact that Plaintiff will have a large lost wage claim, the case is of potential value in excess of $500,000.00. The matter was dismissed but is now on appeal.
- A.B.: This is an employment case alleging hostile work environment and discrimination against the Parks Department. This is brought in State Court under the New Jersey Law Against Discrimination which provides for fee shifting and fee enhancement. Because of this, the matter has the potential to exceed $500,000.00 in value.
- G.F.: This is a claim wherein the Plaintiff alleges false arrest, malicious prosecution and various civil rights violations against the Sheriff’s Department. Because of the nature of the allegations and fee shifting, the case may have substantial value.
- R.F.: This is an employment lawsuit against the Department of Weights and Measures alleging some type of discrimination and retaliation. As of this writing all we have received is the complaint but because it is an employment case with fee shifting theories it may have substantial value.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- H.F.: This is an employment discrimination and retaliation case against the Hudson County Correctional Center. The protected activity is alleged to have been a past lawsuit. Because it is an employment case brought under fee shifting theories it has a payout of substantial potential.
- Est. of J.F.: This is a wrongful death lawsuit against the Jail under Federal Civil Rights theories. It is alleged that the Plaintiff had preexisting and known medical conditions which precluded his being placed on certain work details, and was placed on an inappropriate work detail nonetheless and as a result suffered a heart attack. These allegations are disputed; however, because the matter is brought under the Civil Rights Act which is fee shifting and because of the nature of the allegations, the matter does have the potential to exceed $500,000.00 in value.
- J.G.: Plaintiff alleges she sustained injuries to her feet while incarcerated at the Hudson County Correctional Center. She has since died and this matter has been dismissed for failure to answer interrogatories. It is unclear whether the plaintiff's family will move to vacate the dismissal and pursue the claim.
- E.G.: This is a lawsuit against the Division of Welfare alleging discrimination and retaliation for complaining about discrimination, and failure to promote. Because it is an employment case with fee shifting theories of liability asserted it may have a substantial value.
- Est. of J.H.: This is a lawsuit against the County and the County Prosecutor's Office for a shooting that occurred in Maryland. It alleges civil rights deprivations which are fee shifting and survivorship and wrongful death actions which could have substantial economic value. While it is believed that the County has a strong argument that the employee was not working within the scope of his employment, the case does have substantial value.
- B.H.: This is a claim by a pedestrian of a slip and fall on a sidewalk that resulted in injury. This sidewalk is a Hudson County road.
- K.H.: This is a lawsuit brought against the Hudson County Sheriff's Department for violation of the Conscientious Employee Protection Act and the New Jersey Law Against Discrimination by discriminating against the Plaintiff and creating a hostile work environment because of her gender and sexual orientation. Because it is brought under State Statutes that allow for fee shifting and fee enhancement it has a potential to exceed $500,000.00 in value.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- A.J.: This is a case involving a prisoner who was to be extradited to Maryland and claims that the County Correctional Facility held him for too long, violating his civil rights. As this involves a potential violation of civil rights and potential fee shifting, it has a potential to be valued in excess of $500,000.00.
- D.J.: This is a Civil Right case alleging false imprisonment and malicious prosecution where Plaintiff was jailed on what he asserts are trumped up charges. In October 2013 he was acquitted by a jury. Because of the nature of the allegations and the fee shifting aspects of the Civil Rights Statutes, the case has potential for a substantial award.
- W.K.: This is an employment case alleging discrimination and retaliation based on the First Amendment and W.K.'s political affiliation. W.K. is employed in the Department of Weights and Measures which comes under the aegis of the Sheriff's Department. Because of the nature of the allegations and the fee shifting theories under which this case is brought it is potentially worth in excess of $500,000.00.
- M.L.: This is an employment case against the County alleging disparate treatment in terms of pay based on a disability handicap and perhaps age. Because it is brought under theories of liability under State Law that are fee shifting it may have substantial value.
- C.M.: This is a complaint for employment discrimination against the Department of Cultural Affairs. It is based on disability/handicap, failure to promote, failure to accommodate, and retaliation for complaining about being promoted and not being accommodated. The matter is in Federal Court under Federal and State fee shifting theories and therefore has a potential to exceed $500,000.00 in value.
- K.M.: Plaintiff alleges improper assault and assault of a Meadowview patient at the hands of employees of the Meadowview Hospital. It is brought under Federal and State Civil Rights theories so there is fee shifting. Given the exposure and the nature of the allegations and the fact of fee shifting, it could have a potential value in excess of $500,000.00.
- D.M.: This is a lawsuit brought under the Federal Family and Medical Leave Act for failure to provide an appropriate leave under that statute where her employment was terminated as a result of the events. Plaintiff also alleges handicap or disability discrimination based on a mental condition. Given the Federal theories of fee shifting and given the nature of the allegations this case may have substantial value.

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- G.N.: This is a wrongful termination case. Plaintiff seeks to be reinstated and also seeks back pay. He claims he was discriminated against due to his national origin. Summary Judgment motions are due in two weeks.
- R.P.: This is a lawsuit where the Plaintiff fell at the intersection of Kennedy Boulevard and Pavonia Avenue. The claim was recently filed and no information is available; however, serious injuries are alleged.
- M.R.: This is a claim by a pedestrian of a slip and fall on a sidewalk that resulted in injury. This sidewalk is a Hudson County road.
- R.R.: This is an employment case alleging discrimination on the basis of a medical disability or handicap and a failure to accommodate, and a failure to comply with the Family Leave Act. All of the theories are fee shifting and given the nature of the allegations the matter has a value in excess of $500,000.00.
- A.R.: This is a case alleging civil rights violations arising out of an alleged wrongful arrest and prosecution for welfare fraud. As the theories are fee shifting the case has a potential high value.
- L.T.R.: This is a case where the plaintiff slipped and fell on County property. Plaintiff's medical expenses exceed $10,000.00 and the plaintiff is seeking an award of $1,000,000.00.
- K.R-C.: This is an employment case against Roads and Bridges alleging disparate treatment on the basis of being a female. Because of the nature of the allegations and the fee shifting theories under which this case is brought, it has a potential value in excess of $500,000.00.
- J.R.: This is a failure to protect allegation against the Jail brought under the Federal Civil Rights Act. Plaintiff alleges that he was the victim of an inmate-on-inmate assault at the hands of an inmate that the County knew or should have known was dangerous and violent. Because of the nature of the allegations and the fact of fee shifting the matter has the potential to exceed in $500,000.00 in value.
- D.S.: This is an employment case alleging discrimination, hostile work environment, and retaliation. Because it is fee shifting and subject to fee enhancement, it has a potential value in excess of $500,000.00.
- J.C.: This is an employment case which was just served upon the County alleging discrimination and hostile work environment. It has a potential value in excess of $500,000.00.

NOTE M. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2017, the date which the financial statements were available to be issued.

Issuance of Debt

General Obligation Bonds, Series 2017 – On June 28, 2017, the County issued $131,100,000 of General Obligation Bonds, Series 2017, consisting of: $8,000,000 Vo-Tech Bonds, and $3,100,000 County College Bonds under the County College Bond Act of 1971, c.12. The Vo-Tech Bonds are being issued to finance various improvements of the Hudson County School of Technology as authorized by Ordinance No. 490-8-2016 adopted on August 4, 2016. The County Community College Bonds are being issued to finance various projects at the Hudson County Community College as authorized by Ordinance No. 489-8-2016 on August 4, 2016.

County Guaranty

Payment of the following notes issued by the HCIA is guaranteed by the County pursuant to a guaranty ordinance adopted on August 13, 2009. Such Guaranty shall remain in effect until the notes have been paid in full:

Guaranteed Pooled Notes, Series 2017A - On March 23, 2017, the HCIA issued $40,857,000 of County Guaranteed Pool Notes Series 2017A maturing April 5, 2018, consisting of: $28,598,000 Tax Exempt County Guaranteed Pool Notes Series 2017A-1 at an interest rate of 2.25% and $12,259,000 Federally Taxable County Guaranteed Pool Notes Series 2017A-2 at an interest rate of 2.125%. These notes were issued to provide funds to make loans to the City of Union City, the Township of Weehawken, and the HCIA Authority on behalf of the special improvement district in the Township of Weehawken, and related refinancing costs and costs of issuance.

Guaranteed Pooled Notes, Series 2016B - On June 6, 2017, the HCIA issued $70,969,000 of County Guaranteed Pool Notes Series 2017B maturing June 15, 2018, consisting of: $24,574,000 Tax-Exempt County Guaranteed Pool Notes Series 2017B-1 at an interest rate of 2.25% and $46,215,000 Federally Taxable County Guaranteed Pool Notes Series 2017B-2 at an interest rate of 2.0%. These notes were issued to provide funds to make loans to the City of Union City, the Township of Weehawken, and the City of Bayonne, and related refinancing costs and costs of issuance.

NOTE M. SUBSEQUENT EVENTS (continued)

Capital Ordinances

$10,568,754 Road and Bridge Improvements - On April 17, 2017, the County adopted an ordinance providing for 2017 various road and bridge improvement projects and appropriating $10,568,754 therefor (including Federal and State Grants received or to be received in the amount of $7,000,500), and providing for the issuance of $3,389,841 in bonds or notes to finance part of the costs thereof.

APPENDIX C

FINANCIAL STATEMENT SUMMARIES AS OF DECEMBER 31, 2016, 2015, 2014, 2013 AND 2012

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COUNTY OF HUDSON
COMPARATIVE ASSETS
CURRENT FUND
December 31

Assets:	2016	2015	2014	2013	2012	2011
Regular Fund						
Cash and Investments	$ 142,315,538	$ 115,408,266	$ 104,595,451	$ 82,640,185	$ 86,158,587	$ 72,379,355
Change Funds	$ 200	$ 200	$ 200	$ 200	$ 200	$ 175
	$ 142,315,738	$ 115,408,466	$ 104,595,651	$ 82,640,385	$ 86,158,787	$ 72,379,530
Receivables and Other Assets with Full Reserves:						
Added and Omitted Taxes	3,239,016	$ 2,295,242	3,503,016	2,397,264	1,281,735	1,287,917
Due from Capital Fund		$ -	2,129,823			
Security Deposits		$ 2,500	2,500	2,500	2,500	2,500
Federal & State Revnue Rec.	260,000	$ 240,000	259,902	2,176,125		
		$ 2,537,742	5,895,241	4,575,889	1,284,235	1,290,417
Total Assets	**145,814,755**	**$ 117,946,208**	$ 110,490,892	$ 87,216,274	$ 87,443,023	$ 73,669,946

COUNTY OF HUDSON
COMPARATIVE LIABILITIES, RESERVES AND FUND BALANCE
CURRENT FUND
December 31

Liabilities, Reserves and Fund Balance:	2016	2015	2014	2013	2012	2011
Regular Fund Liabilities:						
Appropriation Reserves & Commitments	39,717,902	$ 40,640,340	46,045,577	$ 35,756,081	$ 48,455,119	$ 24,094,338
Accounts Payable	48,878,885	$ 38,876,945	28,060,132	21,441,420	11,243,810	15,507,908
Reserves For:						
Miscellaneous Revenues				-	-	-
Miscellaneous Payables	4,793	$ 4,793	4,793	1,744,695	7,634	43,760
Tax Rebate on Capital Investment	2,450,000	$ 2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
USDA Disallowance	-	$ -	0	-	-	-
Unclaimed Property	312,890	$ 312,890	312,890	312,380	315,880	316,900
HCST Summer Youth Program	86,332	$ 104,032	34,500	65,500	110,000	96,700
Compensated Absenses	21,629,229	$ 4,423,259	5,500,000	-	-	-
Prepaid Revenues	1,462,055	$ 2,450,489	54,958	-	-	-
Reserve-Sale of County Prop	-	$ -	0	-	-	-
Reserve for Debt Service	-		0	443,306	443,306	1,784,672
County College -(EFA) Interest	33,652	$ 33,652	33,652	33,652	33,652	33,652
Receivables & Other Assets	3,239,016	$ 2,297,742	5,635,339	2,399,764	1,284,235	1,290,417
Total Liabilities	**117,814,755**	**$ 91,594,143**	$ 88,131,841	$ 64,646,798	$ 64,343,636	$ 45,618,348
Fund Balance	**28,000,000**	**$ 26,352,065**	25,565,615	22,569,476	23,099,387	28,051,598.40
Total Liabilities, Reserves & Fund Balance	**145,814,755**	**$ 117,946,208**	$ 113,697,456	$ 87,216,274	$ 87,443,023	$ 73,669,947

COUNTY OF HUDSON
COMPARATIVE OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND
December 31

Revenue:	2016	2015	2014	2013	2012	2011
Fund Balance Utilized	23,500,000	$ 24,000,000	$ 21,500,000	$ 22,500,000	$ 23,500,000	$ 24,500,000
Misc. Revenue Anticipated	215,865,372	$ 192,773,120	209,990,041	199,186,071	188,422,221	182,344,617
Receipts from Current Taxes	337,343,753	$ 323,743,753	309,843,753	300,320,800	291,096,475	279,653,339
Non-Budget Revenues	11,535,377	$ 11,383,381	5,634,111	7,612,479	5,150,754	6,660,569
Other Credit to Income	1,790,527	$ 17,468,740	12,031,920	5,151,150	7,326,171	20,522,330
Total Revenue and Other Income	590,035,029	$ 569,368,994	$ 558,999,825	$ 534,770,499	$ 515,495,621	$ 513,680,855
Expenditures:						
Budget Appropriations:						
Operating	428,934,617	$ 436,241,183	410,250,161	425,324,754	$ 407,029,726	$ 399,591,160
Capital Improvements	30,184,012	$ 33,178,599	$ 29,334,185	29,281,954	29,380,064	29,030,177
Debt Service	36,271,798	$ 33,462,900	$ 27,171,715	23,291,457	22,422,330	19,466,775
Deferred Charges, Statutory Expend & Judgments	41,730,620	$ 41,669,862	$ 67,732,625	39,165,497	37,208,575	37,921,013
Other Charges	-	$ 30,000	$ 15,000	15,186	101,518	180,676
Total Expenditures	**537,121,047**	**$ 544,582,544**	$ 534,503,686	517,078,848	$ 496,142,212	$ 486,189,802
Excess in Revenue	52,913,982	$ 24,786,450	$ 24,496,139	21,969,746	18,461,700	27,491,052
Fund Balance, January 1	26,352,065	$ 25,565,615	$ 22,569,476	23,099,730	28,137,686	25,060,546
		$ 50,352,065	$ 47,065,615	45,069,476	46,599,386	52,551,598
Decreased by Utilization as Anticipated Revenue	23,500,000	$ 24,000,000	$ 21,500,000	22,500,000	23,500,000	24,500,000.00
Fund Balance, December 31	55,766,047	$ 26,352,065	$ 25,565,615	$ 22,569,476	$ 23,099,386	$ 28,051,598

COUNTY OF HUDSON
COMPARATIVE ASSETS, LIABILITIES, AND RESERVES
FEDERAL AND STATE GRANTS
December 31

Assets:	2016	2015	2014	2013	2012	2011
Cash	7,014,280	$7,237,677	$ 6,864,545	$ 5,249,232	$ 6,244,524	$ 6,684,855
State and Federal Grant Receivable	46,639,082	$42,287,806	42,906,836	44,509,803	41,008,174	40,323,074
Total Assets	**53,655,378**	$ 49,525,483	$ 49,771,381	$ 49,759,035	$ 47,252,699	$ 47,007,929
Liabilities and Reserves:						
Appropriated Reserves for Federal and State Grants	53,557,039	$49,464,119	$ 49,771,380	$ 49,759,035	$ 47,252,699	$ 46,919,000
Unappropriated Reserves for Federal and State Grants	-			-	-	-
Prepaid Revenues	96,323	$ 61,364		-	-	88,929
Total Liabilities and Reserves:	**53,653,362**	$ 49,525,483	$ 49,771,380	$ 49,759,035	$ 47,252,699	$ 47,007,929

COUNTY OF HUDSON
COMPARATIVE ASSETS, LIABILITIES, AND RESERVES
TRUST FUNDS
December 31

Assets:	2016	2015	2014	2013	2012	2011
Cash and Investments:						
Checking Accounts	24,917,643	$ 9,307,476	$ 12,375,685	$ 12,605,170	$ 13,541,459	$ 13,428,555
Cash Management Account	1,096,344	$ 932,100	688,217		1,993,371	2,593,135
Money Market Fund	18,492,868	$ 18,460,710	18,396,211	18,328,924	18,253,654	18,162,614
Certificates of Deposit	-	$ 17,243,289	17,861,556	19,342,086	25,376,811	26,325,683
Revenue Accounts Receivables	310,985	$ 310,985	310,985	310,985	310,985	346,058
Community Development Programs Accounts Receivable	3,910,472	$ 2,578,937	3,913,785	8,343,120	11,191,584	13,610,657
Total Assets	**48,728,311**	$ 48,833,498	$ 53,546,439	$ 58,930,286	$ 70,667,865	$ 74,466,703
Liabilities and Reserves:						
Reserve for Revenue Accounts Receivable	310,985	$ 310,985	$ 310,985	$ 310,985	$ 310,985	$ 346,058
Reserve for:						
County Open Space	8,957,595	$ 5,776,836	15,382,449	16,392,721	23,973,869	25,160,684
Dedicated Revenue	25,433,003	$ 26,990,135	19,958,296	19,927,920	19,872,246	21,027,400
Motor Vehicle Fines	7,541,157	$ 8,849,619	9,318,214	9,049,886	8,104,146	7,412,959
Community Development Programs	4,031,808	$ 2,706,775	3,958,474	8,815,278	11,399,499	13,836,060
Other Cash Reserves	251,694	$ 251,694	251,694	251,694	251,694	260,679
Self Insurance Fund	346,190	$ 450,016	707,034	579,208	3,142,931	2,679,665
State Unemployment Insurance Fund	1,058,567	$ 2,700,126	2,744,059	2,805,283	2,815,183	2,945,886
Confiscated Cash Seized on Arrest	797,312	$ 797,312	797,312	797,312	797,312	797,312
Total Liabilities and Reserves	**48,728,311**	$ 48,833,498	$ 53,428,516	$ 58,930,286	$ 70,667,865	$ 74,466,703

COUNTY OF HUDSON
COMPARATIVE ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCE
GENERAL CAPITAL FUND
December 31

Assets:	2016	2015	2014	2013	2012	2011
Cash: Checking Accounts	1,742,849	$ 683,219	$ 11,801,076	$ 7,105,129	$ 17,342,210	$ 331,430
Investment - NJ/ARM	504,573		$ 1,859,051	-	-	-
Escrow - Bond Proceeds	36,632,967	$ 504,573	23,707,555	1,858,739	2,109,353	2,108,795
Money Market Fund	-	$ 77,047,807		50,550,008	65,807,136	137,105,311
State/Federal/Other Aid						
Receivable	35,452,688	$ 33,810,829	28,707,202	15,719,702	22,004,298	23,411,161
Deferred Charge to Future						
Taxation:						
Funded	296,913,151	$ 303,538,509	230,809,123	226,886,801	201,796,685	186,190,721
Unfunded	230,759,534	$ 231,084,621	435,257,293	224,448,317	235,953,725	217,839,376
Total Assets	**602,005,763**	$ 646,669,557	$ 732,141,300	$ 526,568,696	$ 545,013,407	$ 566,986,794

Liabilities, Reserves and Fund Balance:	2016	2015	2014	2013	2012	2011
Liabilities:						
Serial Bonds	278,984,000	$ 287,049,500	$ 302,354,000	$ 222,937,125	$ 198,849,000	$ 184,289,000
Bond Anticipation Notes	83,976,156	$ 84,976,156	$ -	93,985,000	125,700,000	176,134,000
Capital Improvement Fund	2,023,129	$ 603,129	$ 1,522,295	2,706,795	2,959,753	3,261,653
Mortgage Payable HCIA	12,534,375	$ 12,534,375	$ 8,994,612			
Improvement Authorizations:						
Funded	50,050,251	$ 69,485,691	$ 87,194,972	46,087,509	87,812,706	93,851,786
Unfunded	108,001,569	$ 146,247,865	$ 272,625,459	130,220,152	82,205,204	28,998,962
Retainage Percentage Due						
Contractors	1,727,586	$ 1,314,633	$ 1,265,284	1,875,681	1,363,596	823,235
Contracts Payable	46,693,432	$ 27,030,798	$ 39,844,987	19,632,238	39,590,879	74,049,665
Reserve for Payment of Bonds &						
NJ EFA Bonds	10,166,051	$ 9,314,025	$ 9,001,390	1,668,041	78,119	170,321
Green Acres Loan Payable	3,191,647	$ 3,449,361	$ 3,701,998	3,949,676	2,947,685	1,901,721

Reserve to Pay Bans	1,157,545	$ 2,142,500	$ 2,142,500			
Reserve for State Road Aid Allotment Receivable	2,142,500	$ 130,935	$ 130,935	2,142,500	2,142,500	2,142,500
Reserve for Youth Consultation Services	130,935	$ 6,459	$ 6,459	130,935	130,919	130,905
Reserve for Public Buildings, Grounds, Parks, Art Inclusion	474,613	$ 474,613	$ 474,613	474,613	474,613	474,613
Due to Current Fund	-	$ -	$ 2,129,823			
Fund Balance	751,973	$ 1,157,545		751,973	751,973	751,973
		$ 751,973	$ 751,973			
Total Liabilities, Reserves and Fund Balance	**602,005,763**	$ 646,669,557	$ 732,141,300	$ 526,562,237	$ 545,006,948	$ 566,980,335
Bond and Notes Authorized But Not Issued (Memo)	**123,729,737**	$ 146,369,737	$ 348,885,983	$ 145,484,351	$ 110,253,725	$ 41,705,376

COUNTY OF HUDSON
COMPARATIVE APPROPRIATIONS
CURRENT FUND
(in thousands)
December 31

Operations:	**2016**	2015	2014	2013	2012	2011
Legislative, Administrative, Constitutional Offices	98,783	$ 92,860	$ 85,851	$ 86,737	$ 78,710	$ 82,613
Judiciary	1,280	$ 1,286	1,142	1,037	1,201	1,728
Regulation	31,704	$ 29,650	28,592	31,581	27,484	26,615
Public Resources	0			-	-	-
Parks, Community Service & Planning	9,820	$ 8,950	8,621	7,860	7,153	9,125
Roads, Public Property & Engineering	32,049	$ 32,322	31,167	31,052	26,437	29,771
Health & Human Services	63,267	$ 62,461	68,116	66,623	63,144	67,634
Family Services	58,020	$ 59,464	58,814	52,496	44,077	47,166
Corrections	60,791	$ 62,462	63,824	63,643	60,093	59,712
Education	39,508	$ 38,551	37,186	35,856	27,403	33,980
Unclassified	39	$ 347	389	371	30	395
Public and Private Programs Offset by Revenues	33,673	$ 31,492	35,444	39,347	31,903	34,966
Contingent	0	$ -	15	-	-	15
Total Operations	**428,935**	**$ 419,845**	**$ 419,161**	**$ 416,603**	**367,635**	393,720
Capital Improvement	30,184	$ 32,311	29,334	29,282	29,380	29,030
Debt Service	36,272	$ 33,359	27,172	23,291	22,422	19,467
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	11,627	$ 10,824	10,746	10,010	9,918	9,418
Social Security System	11,480	$ 11,410	10,381	11,200	10,143	10,300

Police and Fireman's Retirement System	12,751	$ 12,466	12,107	11,991	11,419	12,795
Consolidated Police and Fireman's Pension Fund	37	$ 60	57	69	62	66
Hudson Co. Employees Pension Fund	1,525	$ 1,525	1,525	1,526	1,526	1,526
Court Attendant's Pension Fund	415	$ 474	535	517	560	650
Non-Contributory County Pension	2,367	$ 2,404	2,491	2,280	2,123	1,990
Veteran's Pension	0	$ -	0	-	9	27
Deferred Contribution Retirement Plan	49	$ 39	29	7	6	24
State Unemployment Insurance	300	$ 300	300	300	175	50
NJ State Disability Insurance	665	$ 633	716	696	603	694
Total Statutory Expenditures	**41,216**	$ 40,135	95,393	38,596	36,544	37,540
Deferred Charges	515	$ 541	510	500	600	347
Total Expenditures	**537,121**	**$ 526,191**	$ 515,064	$ 508,272	$ 456,581	$ 480,104

COUNTY OF HUDSON
COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
AFFORDABLE HOUSING TRUST FUND
OPERATING FUND
December 31

Assets:	**2016**	**2015**	**2014**	2013	2012	2011
Cash & Investments	$ 379,743	$ 379,743	$ 379,743	$ 379,743	$ 379,701	$ 379,665
Due From Provident Bank				-	-	-
Total Assets	**$ 379,743**	**$ 379,743**	**$ 379,743**	**$ 379,743**	**$ 379,701**	**$ 379,665**
Liabilities, Reserves and Fund Balance:						
Appropriation Reserves				$ -	-	$ 125
Other Contracts & Commitments				-	45,707	45,707
Due to NCIA						
Accrued Interest on Bonds				-	-	-
	$ -		$ -	$ -	**$ 45,707**	**$ 45,832**
Fund Balance	379,743	$ 379,743	$ 379,743	$ 379,743	333,994	333,833
Total Liabilities, Reserves and Fund Balance	**379,743**	**$ 379,743**	**$ 379,743**	**$ 379,743**	**$ 379,701**	**$ 379,665**

COUNTY OF HUDSON
COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
AFFORDABLE HOUSING TRUST FUND
CAPITAL FUND
December 31

Assets:	2016	2015	2014	2013	2012	2011
Cash	$ 203,483	$ 203,483	$ 203,483	$ 203,483	$ 194,267	$ 194,267
Cash Management Account				0	9,216	9,216
Repurchase Agreement				0		0
	$ 203,483	$ 203,483	203,483	203,483	203,483	203,483
Bond Redemption Escrow Deposit				0	0	0
Deferred Charge - Future Loan Repayments				0	0	0
Total Assets	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**
Liabilities and Reserves:						
Term Bonds - Variable Rate				0	0	0
Term Bonds - Fixed Rate				0	0	0
Improvement Authorizations - Funded	$ 203,483	$ 203,483	203,483	203,483	203,483	203,483
Reserve for Future Loans:						
Restricted				0	0	0
Unrestricted				0	0	0
Total Liabilities and Reserves	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**	**$ 203,483**

COUNTY OF HUDSON

COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE

AFFORDABLE HOUSING TRUST FUND

OPERATING FUND

December 31

Revenues:	2016	**2015**	2014	2013	2012	2011
Fund Balance Utilized	250	$ 250	250	$ -	$ -	$ -
Interest on Loans				-	0	-
Interest on Investments				-	0	-
Non-Budget Revenues				-	36	108
Other Credits to Income				291	125	-
Total Revenues	**250**	**$ 250**	**250**	**$ 291**	**161**	108
Expenditures:						
Budget Appropriations:						
Operations	250	$ 250	250	$ 250	250	1,000
Debt Service						-
Deferred Charges/ Statutory Expenditures						-
Other Charges						-
Total Expenditures	**$ 250**	**$ 250**	**$ 250**	$ 250	250	1,000
Excess Revenues	-		-	$ 291	161	108
Fund Balance January 1	379,743	**$ 379,743**	379,743	379,701	333,833	334,725
	379,743	$ 379,743	379,743	$ 379,992	333,994	334,833
Utilized as Anticipated Revenues					0	1,000
Fund Balance December 31	**$ 379,743**	**$ 379,743**	**$ 379,743**	**$ 379,992**	**$ 333,994**	**$ 333,833**

COUNTY OF HUDSON
COMPARATIVE APPROPRIATIONS
AFFORDABLE HOUSING TRUST FUND

Expended (excluding reserves)

	2016	2015	2014	2013	2012	2011
Operations:						
Salaries & Wages				$ -	$ -	$ -
Other Expenses	250	$ 250	250	250	250	875
	$ 250	$ 250	$ 250	$ 250	250	875
Debt Service				-	-	-
Statutory Expenditures				-		-
					-	
Total Expenditures	$ 250	$ 250	$ 250	$ 250	$ 250	$ 875

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APPENDIX D

FORM OF APPROVING LEGAL OPINION

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An opinion in substantially the following form will be delivered at Closing, assuming no material changes in fact or law

___________ ____, 2017

County Executive and Members
of the Board of Chosen Freeholders
of the County of Hudson, State of New Jersey
Jersey City, New Jersey

Re: County of Hudson, in the State of New Jersey
$162,167,967 General Obligation Bond Anticipation Notes, Series 2017

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the County of Hudson, a body politic and corporate of the State of New Jersey (the "Issuer"), of $162,167,967 aggregate principal amount of the Issuer's General Obligation Bond Anticipation Notes, Series 2017 (the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated December 13, 2017, mature on December 12, 2018, bear interest at a rate of three per centum (3.00%) per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), and ordinances of the Issuer numbered 536-11-2008, 276-07-2009, 265-05-2012, 719-12-2013 (the "Prior Ordinances"), 715-12-2014 and 591-09-2017 (the "New Ordinances", and collectively with the Prior Ordinances, the "Ordinances"). The Notes are issued for the purpose of providing funds to (i) currently refund a portion of prior notes originally issued to finance the costs of the purposes or improvements described in the Prior Ordinances, (ii) finance the costs of the purposes and improvements described in the New Ordinances, and (iii) pay costs of issuance in connection therewith.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; each of the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the County for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings".

4. Interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Hudson, State of New Jersey (the "Issuer") in connection with the issuance by the Issuer of its $162,167,967 General Obligation Bond Anticipation Notes, Series 2017 (the "Notes"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter(s) in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the Notes (including persons holding the Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Notes for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the MSRB's (as defined below) Electronic Municipal Markets Access System.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at http://emma.msrb.org.

"Noteholder" shall mean any person who is the registered owner of the Notes, including holders of beneficial interests in the Notes.

"Participating Underwriter(s)" shall mean any of the original underwriter(s) of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes (each a "Listed Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(vii) Modifications to rights of the holder of the Notes;

(viii) Note calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Notes, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file, or cause to be filed, a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event. The notice shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of the affected Notes.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(b).

Section 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3 of this Disclosure Certificate, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 3(b) of this Disclosure Certificate.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 9 shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter(s) and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: December ___, 2017

COUNTY OF HUDSON, STATE OF NEW JERSEY

By: ______________________________
Name: Cheryl G. Fuller
Title: Finance Director/Chief Financial Officer
County of Hudson

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